



L&T-MHPS TURBINE GENERATORS PVT. LTD.

MANAGEMENT POLICY

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

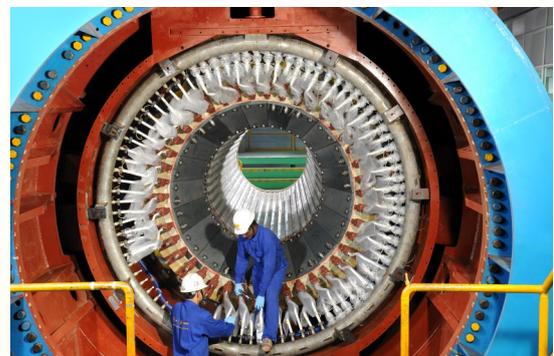
We dedicate ourselves to achieve progressive excellence in performance of the integrated management system, encompassing all activities related to manufacture and supply of Steam Turbines & Generators of contemporary global Quality standards to enhance Customer satisfaction.

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, India, 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 to 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.

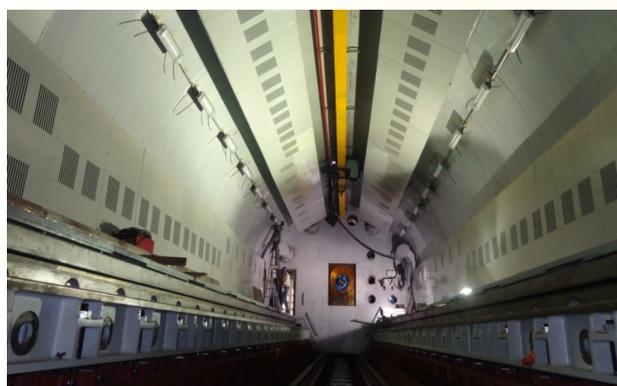
The fully operational LMTG facility incorporates best-in-class systems, processes, technologies and manufacturing capabilities. It offers end-to-end manufacturing solutions and life-cycle support combining engineering excellence with the latest Ultra Supercritical Turbine and Generator technology to 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 2020.

Financials & Performance of the Company

₹ crore

Particulars	2019-20	2018-19
Revenue (Net)	802.02	811.12
Operating Margin	181.40	192.04
Less: Depreciation	54.73	56.07
Less: Finance Cost	77.54	90.41
Profit/ (Loss) Before Tax	49.13	45.56
Provision for Deferred Tax	—	—
Profit After Tax	49.13	45.56
Balance Carried Forward	(380.73)	(429.79)

The financial year 2019-20 has been a challenging for the Company, however in this competitive market, we are able to get one domestic project of 2 units of 660 MW and few export projects during the year. The revenue reduced marginally because of low order book position at the beginning of the year. In spite of this, with constant focus on

project execution and better utilization of in-house capacity along with implementation of various cost reduction initiatives helped the Company to maintain margins. The Company is hopeful of bagging few domestic projects in the coming year. The Management's continuous focus on product up-gradation, cost reduction initiatives and improvements in manufacturing processes resulted in meeting the customer requirements.

During the year, the Company has successfully manufactured one unit of 1,070 MW Turbine for Japanese market, the first of its kind to be manufactured in the country.

The Company is accredited with National Accreditation Board for Testing and Calibration Laboratories (NABL) certification for its Metrology lab bagged Gold Trophy in Annual Convention on Quality Concepts at Surat QCFI Chapter and Gold Trophy in National Safety Convention based on theme "Safety for People, Plant

and Planet” in category of best-case studies, organized by Quality Circle Forum of India, Surat Chapter. The Company is also recommended for the re-certification of ISO9001:2015, ISO14001:2015, ISO27001:2013, ISO45001:2018, ISO50001:2018 standards.

The setting up of manufacturing facilities for power equipment's as per Phased Manufacturing Program (PMP) including transfer of technological know-how to Indian Company has been approved by Central Electricity Authority (CEA).

The Company has further enhanced the skill levels in Turbine & Generator manufacturing. The Company's focus on localization of Ultra Supercritical Steam Turbine and Generator components 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, 2020, is ₹ 710.60 Crore. The Company has made part repayments of foreign currency loans of US\$ 18.19 Million and JPY 1,974.67 Million during the year as per schedule.

The Company has refinanced US\$ 16.5 Million through SMBC, Singapore to repay the instalments of loan to JBIC.

Rating & Outlook

CRISIL has rated the Company's Long Term Ratings as "A" & outlook Stable and Short Term Ratings as "A1".

Capital Expenditure

As at March 31, 2020 the gross fixed and intangible assets including leased Assets, stood at ₹ 1,280.18 crore and the net fixed and intangible assets, including leased assets, at ₹ 635.74 crore. Capital Expenditure during the year amounted to ₹ 1.13 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 made are provided in the Notes forming part of Accounts - 8 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 2019-20. All the related party transactions were in the ordinary course of business and at arm's length. There were no materially significant related party transactions that may have conflict with the interest of the Company. A detailed summary is disclosed in note no. 31.11 of Notes Forming Part of the Financial Statements. There are no materially significant related party transactions that may have conflict with the interest of the Company.

Appropriations

There were no appropriations made during the financial year 2019-20.

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 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, 2020, 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 Company submits the report on reconciliation of share capital audit from Practicing Company Secretary within the prescribed timelines.

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 of the Company between the end of the financial year and the date of the report.

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

- ◆ Implementation of "SMART GRID" for voltage monitoring through wireless to provide real time voltage readings for Controlling voltage as per IS 12360:1988 guidelines has resulted in energy savings of 1% of consumption without compromising the performance of machines.
- ◆ 100% LED light fixtures replacement completed in three phases has resulted in reduction of connected load of lighting from earlier 700 Kw to 190 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 reduce 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 idle running.

2. Improving energy effectiveness / efficiency of Manufacturing Processes

- ◆ Installation of energy efficient centralized Compressor (with VFD) - 720 CFM to cater the total air requirement of manufacturing shops and individual CNC machine Compressors are kept as stand by with air pressure grading.
- ◆ Optimization of the operation of high 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 with reduction in emissions.
- ◆ Use of Turbo ventilators to extract heat in the non-air-conditioned areas of factory buildings.
- ◆ Laying of new 33kV Power Cables resulted in reduced diesel consumption.
- ◆ Shifting the Blade Manufacturing Process from 5 Axis Machines to 4 Axis Machines.
- ◆ 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 existing panel AC's of CNC machines with energy efficient e+ panel.
- ◆ Provision of dedicated Chiller for Gantry Plano miller X-Axis Hydrostatic Oil.
- ◆ Proposal to install centralized Chiller unit for providing chilled water to cool CNC machines hydraulic and hydrostatic oil.
- ◆ Optimized running of machine Auxiliaries - Chiller, Hydraulic system, coolant system and compressor.
- ◆ Installation of Sky pipe Lights in Manufacturing shops and Service center.
- ◆ 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 1,070 MW have been successfully manufactured for export project.
 - ◆ Synchronization to Grid and Commercial Operation has been achieved for 660 MW India's first Ultra-supercritical Turbine along with new efficient Generator design. These power plants are capable of operating in extremely higher steam parameters compared to existing steam power plants in India.
 - ◆ Interaction with external agencies / internal customers /suppliers for exposure to the latest products / designs / imparting training and product knowledge to external/end customers.
 - ◆ Participating in national / international conferences, seminars and exhibitions.
 - ◆ Evaluation, adaptation and / or modification of imported innovative designs / technologies to suit indigenous requirements, alternative materials / components / processes for enhanced life at reduced costs.
 - ◆ Use of state-of-the-art equipment, instrument and software.
 - ◆ Analyzing feedback from users to improve processes and services.
 - ◆ Indigenously developed design of Control & Instrumentation system on various platforms depending on customer's requirement have been implemented.
- 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 New & high efficiency model of Generators from MELCO, Japan.	July 2015 Onwards	Plant commissioned, synchronized and Commercial Operation achieved.
Technology of shot peening process to reduce stress and improve fatigue life of Steam Turbine rotating blades absorbed		Implemented
TLA for large capacity Nuclear Power Plants signed with MHPS, Japan		In bidding stage

C. Foreign Exchange Earnings and Outgo

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

₹ crore

Particulars	2019-20	2018-19
Foreign Exchange Earnings	611.76	560.94
Foreign Exchange saved/deemed exports	91.29	162.07
Foreign Exchange Outgo		
Capital Expenditure	Nil	1.83
Materials & Components	367.50	422.22
Others	153.16	28.94

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.

The Members elect one amongst themselves as the Chairman of the Meeting.

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

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.

Mrs. Vijaya Sampath was appointed as Independent Director of the Company with effect from 22nd January, 2015 to 21st January, 2020. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on 16th January, 2020 has approved her re-appointment for a further period of three years from 22nd January, 2020 to 21st January, 2023, subject to the approval of shareholders through special resolution.

Mr. Shekar Viswanathan was appointed as Independent Director of the Company with effect from 27th March, 2015 to 26th March, 2020. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on 23rd April, 2020 has approved his re-appointment for a further period of three years from 27th March, 2020 to 26th March, 2023, subject to the approval of shareholders through special resolution.

Based upon their skills, experience, knowledge and reports of performance evaluation, the Board was of the opinion that their association would be of immense benefit to the Company and it would be desirable to continue their services as Independent Directors.

Mr. Derek Michael Shah and Mr. Hisashi Fukuda 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 April 24, 2019, July 18, 2019, October 17, 2019 and January 16, 2020.

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. This policy provides for adequate safeguards against victimization of persons who complain under the mechanism. The Board of the Company oversees the functioning of the Vigil Mechanism framework.

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 and commission.

During the year under review, the committee met twice on April 24, 2019 and January 16, 2020.

The Nomination and Remuneration Committee comprises of Mr. Shailendra Roy, Mr. Hisashi Fukuda, Mr. Shekar Viswanathan and Mrs. Vijaya Sampath. The Members elect one amongst themselves as the Chairman of the Committee.

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. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

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

wherever the effect of such gaps would have a material effect on the Company's operations.

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 April 24, 2019, without the presence of Executive Directors and Management Personnel. They reviewed the performance of Non-independent Directors and the Board as a whole and accessed 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 is within the limits as prescribed under Section 141 of the Companies Act, 2013.

Compliance with Secretarial Standards on Board Meetings and General Meetings

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

Protection of Women at Workplace

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the financial year 2019-20.

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, 2021 at a remuneration of ₹ 125,000/-. 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 2020-21 is placed before the shareholders for consideration. The Report of the Cost Auditors for the financial year ended March 31, 2020 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 March 31, 2020.

Occupational Health, Safety & Environment

The Company is committed to conduct the activities in the utmost diligent manner and achieve the highest level of excellence in the field of Environment, Health & Safety (EHS). The importance is continually emphasized and extensively promoted as a part of our culture.

The implementation of the EHS Policy is ensured by institutionalizing a robust EHS management system, adequately supported by a well-defined organizational structure. The EHS policy governs and illustrated all the activities to ensure a safe and healthy workplace as well as a clean environment for both the employees and the community. We aim at the highest international standard in design, equipment selection, maintenance and operations. The EHS policy is our commitment to manufacturing of products in a safe and environment conscious manner.

For the financial year 2019-20, 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 were accredited with ISO 45001:2018 certification during the year.

Our commitment to continuous improvement is demonstrated in our management system which is based on PDCA (Plan-Do-Check-Act) approach, that provides framework of policies, processes and procedures. It helps provide the structure of how the people, the information and the technology are integrated.

We continually motivate each employee to utilize the process of hazard evaluation in all our activities, whether personal or work-related. Approaching every task with self-awareness, deliberation and caution are elements of accident prevention that can provide all of us with safer and healthier lives.

We attain our EHS objectives through identification of hazards and risks involved, detailed risk assessment of associated risks throughout the life cycle, implementing all required safety measures at all the stages of lifecycle of product or process, a robust change management, effective and continuously evolving systems for work permits, reporting and investigation of incidents and near misses, management of personal protective equipment, standard operating procedures, work place safety, inspections and audits and a well-defined system for contractors' and visitors' safety that also encompasses training on basic plant safety and use PPEs.

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.

Other Disclosures

- ◆ No disclosure is required under Section 67(3)(c) of the Companies Act, 2013, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable;
- ◆ **MSME**: The Company has been complying with the requirement of submitting a half yearly returns to the Ministry of Corporate Affairs within the prescribed timelines.



Acknowledgement

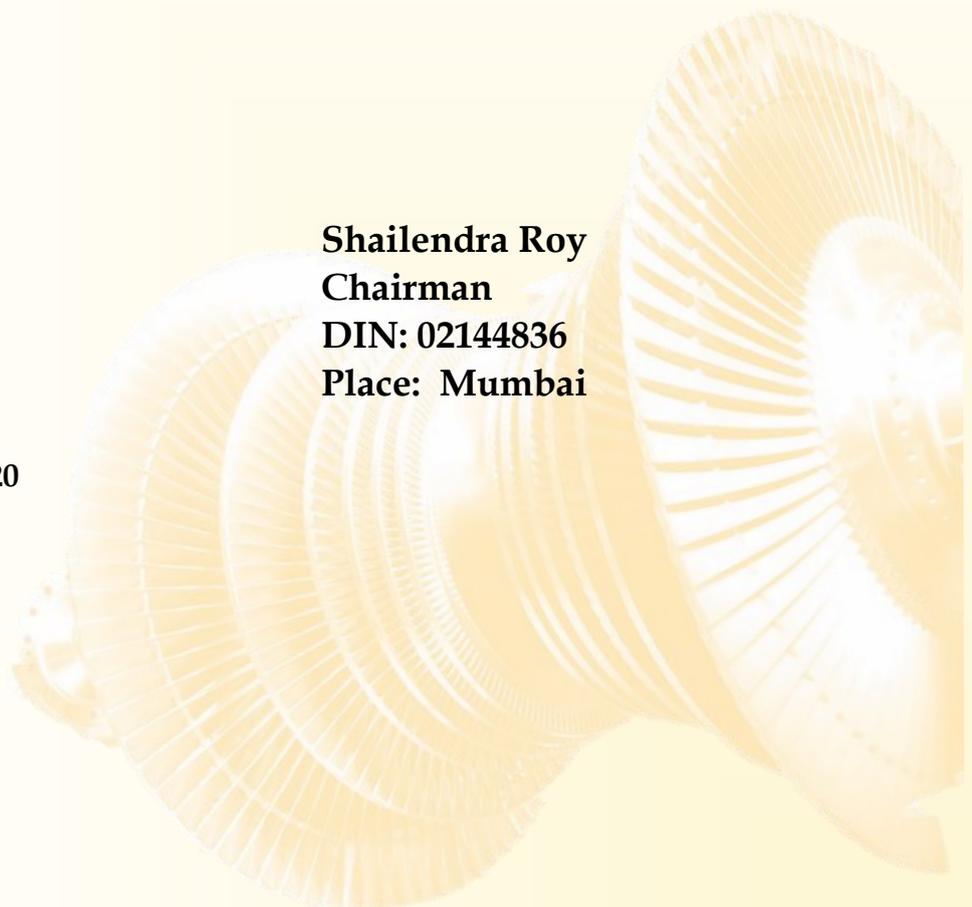
The Directors wish to thank the Customers, Vendors and business associates for their continued support and valuable co-operation during the year. The Directors also wish to place on record their appreciation of the contribution made by employees at all levels. Our progress and meeting challenges of project 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

Yusuke Kurogi
Director
DIN: 07172890
Place: Yokohama

Shailendra Roy
Chairman
DIN: 02144836
Place: Mumbai

Date : 23rd April, 2020



MANAGEMENT DISCUSSION & ANALYSIS

Business Development & Outlook

The Coal fired Thermal Power sector is yet to see a respite from the lean patch it has been experiencing from last couple of years. This is mainly due to the continued push for renewables by the government and the society. The situation has further aggravated due to the “No New Coal Plant” policy promulgated by few of the State Governments. Under this policy, neither green field nor brown field projects will come up in these State. With NTPC and the remaining State Governments still pinning hopes on Coal fired units, the sector is still hopeful of sunny days to come back.

Coal availability has shown a marked improvement when compared to a couple of years back, but the strict norms on imported coal has brought in the issue of quality of available coal. But the sector is hopeful of Government taking adequate measures to address the issue either by allowing the import of high quality coal for blending or improve the quality of available coal.

Silver-lining for high technology equipment manufacturers has been that, heeding to the Government directive, ultra-supercritical plants are being tendered instead of supercritical plants. This will ensure that only a handful of high technology manufacturers will be in the fray, which augurs well for the company.

The Government directive to scrap power plants of over 25 years has been a mixed bag for the sector. It has been implemented at many places, which are getting replaced by brand new power plants. And in those States who have decided for “No New Coal Plant” policy, these old plants would need to be renovated to ensure continuous operations. Hence the company is also gearing up for such kind of renovation works, which could provide a steady stream of business given the huge number of such plants.

Private power producers (IPPs) are still reeling under a bad spell. Banks making the loans difficult, power purchase agreements (PPA) not getting renewed or revised are just some of the problems faced by the IPPs. But the big players consolidating their positions by procuring sick units brings in the much-needed stability to the IPPs.

With renewables growing day by day, the load fluctuations have become the order of the day for coal fired units. To cater to these fluctuations, coal fired unit’s flexibilization has emerged as a business area in this sector. Company is well

versed with the technologies needed for flexibilization and has already chalked out plans to cater to this demand.

The general consensus among policy makers that coal fired units should remain as the prime support of power needs for the country brings the much-needed succor for the sector. Government's recent push for large number of nuclear plants is a welcome news for the company as it is one of the few players in the market which is capable of manufacturing huge nuclear turbines.

The high benchmarks set by the Japanese parentage has put the company in good stead as far as quality consciousness, cost reduction initiatives like indigenization, product innovations and effective utilization of shop floor are concerned. Company's resolve not to cut corners and not to get into price wars has helped it continue its reputation of offering high quality products and to remain financially strong.

The high-quality standards and work ethics by the company is testified by the continuing stream of export orders from MHPS. The 1,070 MW Turbine being manufactured for a Japanese customer is a feather in the cap for the company as it is the largest capacity Turbine to have got manufactured in the country till date. Such large orders are becoming the order of the day as power producers are preferring to put large capacity units. This is poised well for the company because it is one of the few facilities in the country and the world to manufacture such big equipment's.

Company is also betting big on component manufacturing for other sectors, more so from the Hydro sector. Hydro sector thanks to the Governmental push is on an upswing and the Company is already manufacturing big components for some of the reputed Companies in Hydro sector. Company has been receiving good customer feedback for the timely support and expertise levels provided in the after-sales service and spares arena.

It is quite unfortunate for the country and the world in general that the pandemic of covid-19 struck us in the early 2020. Beginning from mid-January, there have been constraints on operations, starting from free travel of employees, foreign partners and vendors. And to make things worse, the whole country came to a standstill in March 2020, because of a nationwide lock down. Some of the important nations with which the company has business relations also came to a halt because of the same. This has had a huge impact on the deliveries and other commitments to all stakeholders.

Within these unforeseeable constraints, Company is still trying its best to deliver all its market commitments well within the timelines, which presently though looks a tall order. The year 2020-21 has become unpredictable as the economic fallouts of the Pandemic are yet to be ascertained. At the same time, the Company is looking forward for proposals coming up for new power plants in both coal and nuclear sectors.

Strategic Initiatives

The company's foresight in creating the manufacturing facilities suiting Nuclear Turbines, is expected to reap rich dividends as the country is looking forward to build a large fleet of nuclear power plants. And the businesses of Hydro component manufacturing, after-sales service and spares are expected to fetch fast revenue streams for the company.

For and on behalf of the Board of Directors

Yusuke Kurogi
Director
DIN: 07172890
Place: Yokohama

Shailendra Roy
Chairman
DIN: 02144836
Place: Mumbai

Date : 23rd April, 2020

Secretarial Audit Report

2019-20



Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2020

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

To,

The Members,

L&T- 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, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as applicable:-**
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;**
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **presently the Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2018;**
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **presently the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;**

- vi) Other specific business/industry related laws applicable to the company-
- ⇒ **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, based on review of the compliance mechanism established by the Company and the Compliance Certificates taken on record by the Board of Directors at their meetings, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period **no** events / actions have taken place, which have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like -

- (i) Public/Right/Preferential issue of shares/debentures/sweat equity, etc. - **NIL.**
- (ii) Redemption / buy-back of securities. - **NIL.**
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013 - **NIL.**
- (iv) Merger / amalgamation / reconstruction, etc. - **NIL.**
- (v) Foreign technical collaborations. - **NIL.**

NAINA R DESAI

Practising Company Secretary

Membership No. F1351

Certificate of Practice No.13365

Peer Review Certificate No.590/2019

UDIN: **F001351B000165614**

Place: Mumbai

Date: April 18, 2020

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

'Annexure A'

To,

The Members

L&T- 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

Membership No. F1351

Certificate of Practice No.13365

Peer Review Certificate No.590/2019

UDIN: **F001351B000165614**

Place: Mumbai

Date: April 18, 2020



**Annexure B
Form No. MGT-9**

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on March 31, 2020

[Pursuant to Section 92(3) of *The Companies Act, 2013* and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	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/	% to Total Turnover of the
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	CIN/GLN	Holding/ Subsidiary	% Of Shares held	Applicable Section
1.	Larsen & Toubro Limited. Address: L&T House, N.M. Marg, Ballard Estate Mumbai - 400001	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		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
Change in Indebtedness during the Financial Year				
Addition		117.02		117.02
Reduction		(180.50)		(180.50)
Net change		(63.48)*		(63.48)*
Indebtedness at the end of the Financial Year				
I) Principal Amount		774.39		774.39
II) Interest Due But Not Paid		-		-
III) Interest Accrued But Not Due		0.58		0.58
Total (I+II+III)		774.97		774.97

* 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. 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		

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	250,000	200,000		450,000
	-Commission	500,000	500,000		1,000,000
	-Others, please specify				
	Total (1)	750,000	700,000		1,450,000
		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	NIL			
	Commission				
	Others, please specify				
	Total (2)				
	Total = (1+2)				
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				

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	Nil	4,537,956	4,537,956

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.	(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	709,103	709,103
2.	Stock Option		NIL	NIL
3.	Sweat Equity			
4.	Commission - As % of Profit - Others, specify			
5.	Others, please specify			
	Total		5,247,059	5,247,059

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					

ANNEXURE C

CSR ACTIVITIES FOR 2019-20**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken:**

The Company's CSR Policy framework details the mechanisms for undertaking various programmes in accordance with Section 135 of the Companies Act 2013 for the benefit of the community.

The Company will primarily focus on the following verticals as a part of its CSR programmes viz.

Water & Sanitation - may include but not limited to support for programmes making clean drinking water available, building check dams, rain water harvesting, facilitating irrigation, conservation, purification of water and proper sanitation facilities.

Education - may include but not limited to construction and renovation of schools, libraries, science laboratories, etc., education infrastructure support to educational Institutions, educational programmes & nurturing talent at various levels.

Health - may include but not limited to support for community health centers, mobile medical vans, dialysis centers, general and specialized health camps and outreach programmes, centers for elderly / disabled, support to HIV / AIDS programme.

Skill Development - may include but not limited to creating training centres vocational training, skill building, computer training, women empowerment, support to ITI's and CSTI's, support to specially abled, infrastructure support, providing employability skills at project sites, etc.

Governance and Technology would be the key drivers across all the CSR initiatives.

2. Composition of the CSR Committee:

The CSR Committee of the Board was re-constituted and it comprises of One Non-Executive Director, One Executive Directors and One Independent Director as Members. The Company Secretary acts as Secretary to the Committee.

The present Committee comprises of Mr. Shekhar Sharda, Mr. Tetsuya Suzuki and Mr. Shekar Viswanathan as Members and Mr. Raju Iyer as the Secretary of the Committee. The Committee elects one amongst them as the Chairman. During the year under review, the Committee met once on April 24, 2019.

3. Average net profit of the Company for the last three financial years:

The average net profit of the Company for the last three financial years is ₹ 41.76 Crores.

4. Prescribed CSR expenditure (two percent of the amount as in item 3 above):

The Company was required to spend an amount of ₹ 0.84 Crores as CSR expenditure during the financial year 2019-20.

5. Details of CSR spent during the financial year 2019-20:

A. Total amount to be spent for the financial year

₹ crore

Particulars	Amount
Average Net Profit of the Company for the last three financial	41.76
Amount to be spent as CSR	0.84

B. Amount unspent, if any

The Company has spent an amount of ₹ 0.04 crores during the financial year 2019-20. An amount of ₹ 0.80 crores shall be carried forward to next year as an additional CSR spend.

C. Manner in which the amount was spent in the financial year is detailed below:

₹ crore

Sr. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or Other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. (2)Overheads:	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	Admin Expenses	Others	Gujarat	0.04	0.04	0.04	Direct
	TOTAL			0.04	0.04	0.04	

6. Reasons for not spending the amount during the financial year:

Section 135 of the Companies Act, 2013, CSR is applicable to the Company. This is the first year that the Company has undertaken this activity and hence was not able to spend the entire two percent of the average profits for the last three financial years in the year under review i.e 2019-2020. Plans have been drawn up, a committee has been formed, budgets have been formulated and people had to be trained in this area and projects with focus areas as directed by the regulations with monitoring decisions. The Directors would like to submit that for all of the aforesaid reasons, the Company was not in a position to spend the entire allocation for the year ended 31st March, 2020.

For the year 2019-20, the total budget of the Company for the CSR activities was ₹ 0.84 crores. During the year under review, the Company has identified projects worth ₹ 0.84 crores and spent to the tune of ₹ 0.04 crores. The Company endeavors to spend the balance unspent amount worth ₹ 0.80 crores against identified projects in the FY 2020-21, in addition to prescribed CSR Budget of FY 2020-21.

The Board and the CSR Committee are committed to CSR and expect that higher amount will be spent in the coming years.

7. CSR Committee Responsibility Statement:

The CSR Committee hereby affirms that:

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

TETSUYA SUZUKI
Whole Time Director
DIN: 08333217

SHEKAR VISWANATHAN
Chairman of the Committee
DIN: 01202587

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Auditor's Report

2019-20



INDEPENDENT AUDITOR'S REPORT

To the Members of

L&T-MHPS Turbine Generators Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of L&T-MHPS Turbine Generators Private Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, the statement of Profit and Loss including other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of 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 Ind AS 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, 2020, its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis of 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 the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by

Pune

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the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS 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 Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
Revenue recognition on construction contracts	
<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 of construction contracts requires management to make assessments that significantly determine the quantum of</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 to ensure completeness, accuracy and timing of revenue recognized, including controls over the degree of completion of turnkey 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>revenue and margins recognized during a financial year.</p> <p>These assessments include assessing completion of contractually determined 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>For the contracts selected, we performed a retrospective review of efforts incurred with estimated efforts to identify significant variations and verified 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 might require changes to the 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 costs estimated 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>
<p>Provision for Warranty expenses</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. Warranty provision is major aspect for the Company and hence needs to be calculated on appropriate basis.</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 regarding completeness of warranty provisions and how Management assesses valuation of provisions.</p>

<p>We focused on this area as the completeness and valuation of the expected outcome of warranty provisions requires significant management judgments and the use of estimates giving rise to inherent uncertainty in the amounts recorded in the Ind AS Financial Statements.</p>	<p>We tested / evaluated the assumptions underlying the valuation of provisions by checking the inputs used to calculate the provisions, including interviewing the personnel charged with the responsibility of warranty provisioning.</p>
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Foreign Currency transactions and accounting for Hedges

<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 requires management to estimate timing of cash flows from the underlying transaction and hedging instrument and also test 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>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 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. These procedures also included testing of internal approvals and compliance with hedging policy approved by the Board. 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. 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 made by the management.</p>
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Potential impact relating to the COVID-19 Pandemic on significant accounting estimates and management judgements

From December 2019, COVID - 19, has spread globally, including India. This event has significantly affected economic activity globally and in India as a result, could impact the operations and financial results of the Company.

Considering the uncertainty, the actual results on the various key estimates made by the management in preparing these Ind AS financial statements, could be materially different. The impact can also be pervasive across the financial statements.

Considering the probable impact, the disruption could cause and the complexities involved in making the various estimates and judgements, the potential impact of COVID 19 has been identified as a Key Audit Matter.

Principal Audit Procedures:

Assessed the Company's evaluation of the impact of Covid-19 pandemic on the significant management estimates.

Evaluated the management's estimation in the current situation effected by Covid-19.

Assessed the controls over the preparation of these accounting estimates and supporting data for the evaluation.

Assessed the sources of data and factors that management used in forming the assumptions, and consider whether such data and factors are relevant and complete.

Evaluated the appropriateness of the assumptions used by the management.

Assessed whether the result of the previously estimated accounting estimates are significantly differs as result of Covit-19 disruption.

Allowances for Expected Credit Loss

The recoverability of the Company's trade receivables and the provision for Expected Credit Loss ('ECL') of trade receivables require significant management judgment.

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions.

Principal Audit Procedures:

Our audit procedures to assess the recoverability of trade receivables included the following:

Obtained an understanding of and assessed the design, implementation and operating effectiveness of the Company's key internal controls over the processes of credit control, collection of trade receivables and follow up of overdue balances.

<p>The Company considered current and anticipated future economic conditions relating to industries the Company deals with.</p> <p>In calculating expected credit loss, the Company has also considered the information including related to credit for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.</p> <p>Management has provided ECL provision in accordance of the ECL model followed by the management consistently.</p> <p>We identified allowance for credit losses as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses.</p>	<p>Evaluated the Company's policy for making allowances for doubtful debts with reference to the requirements of Ind AS 109 and its adequacy.</p> <p>Assessed the assumptions and estimates made by management for the allowance for doubtful debts calculated based on a collective assessment by performing a retrospective evaluation of the historical accuracy of these estimates and recalculating the Company's allowance with reference to the Company's policy for collective assessment.</p> <p>Assessed the ageing of trade receivables, the customer's historical payment patterns and whether any post year-end payments have been received up to the date of completing our audit procedures.</p> <p>Considered the completeness and accuracy of the disclosures.</p>
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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 Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS 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 Ind AS 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 Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the 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, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 assur-

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS 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 Ind AS 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 March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS Financial Statements. (Refer Note 31.06 to the Ind AS 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

UDIN: 20040404AAAADJ3282

Mumbai, India

April 23, 2020

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 March 31, 2020 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 Ind AS Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any

evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

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

Chartered Accountants

(Firm's Registration No. 105102W)

Ravi Kapoor

Partner

Membership No. 040404

UDIN: 20040404AAAADJ3282

Mumbai, India

April 23, 2020

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 inventories, 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 inventories 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) According to information and explanation given to us, the Company has granted 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 stipulation.
 - 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 Sections 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, 2020 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, 2020 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 and Financial Institutions. The Company has no dues to Government and the Company has not issued debentures.
- 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.
- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such cases by the Management.
- xi) In our opinion and best to the information and explanation provided to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V to the Act.
- 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 Sections 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 Ind AS 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 them. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi) In our opinion, the Company is not required to be registered under Section 45-1A 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.

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

Chartered Accountants

(Firm's Registration No. 105102W)

Ravi Kapoor

Partner

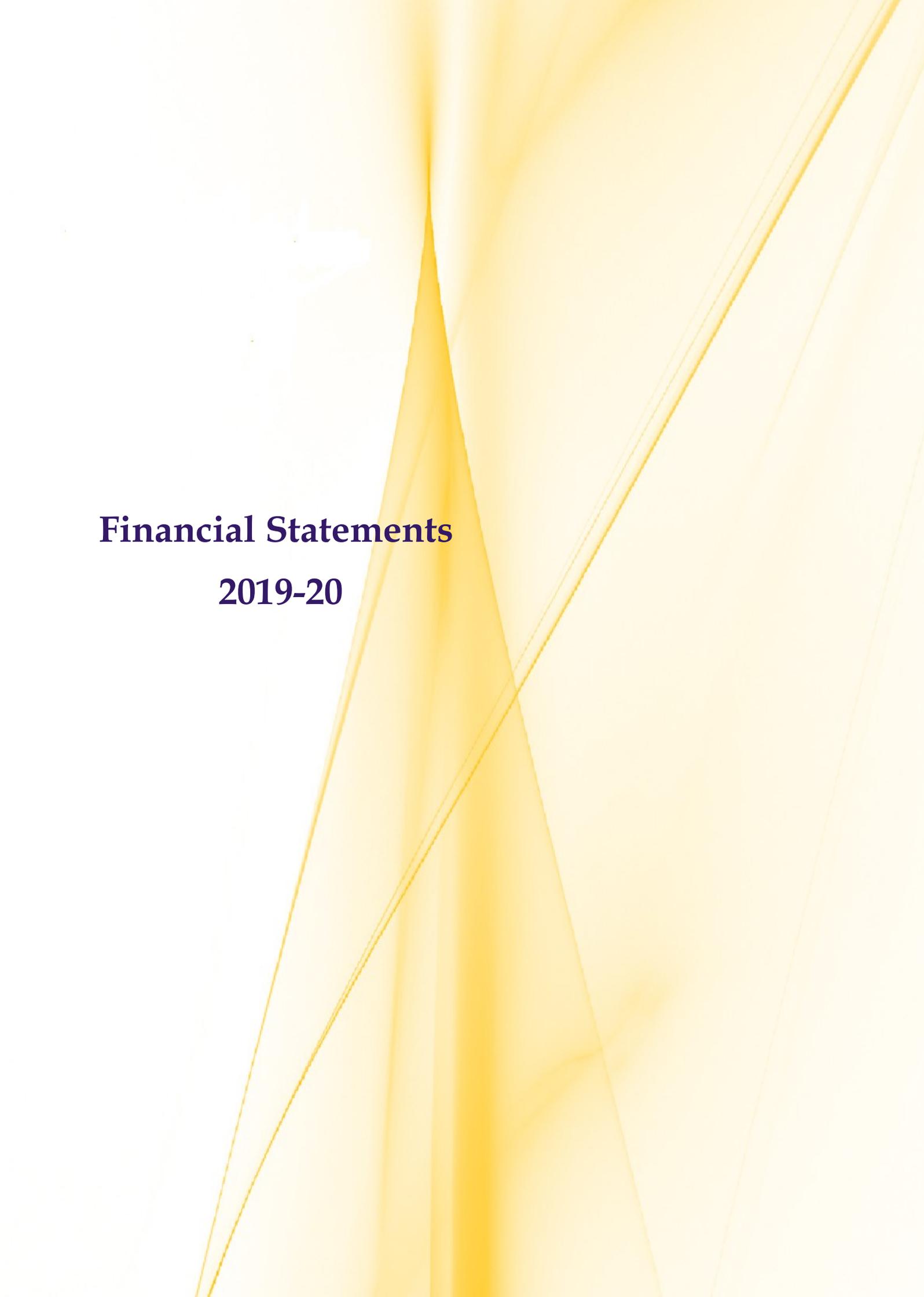
Membership No. 040404

UDIN: 20040404AAAADJ3282

Mumbai, India

April 23, 2020

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Financial Statements
2019-20

BALANCE SHEET AS AT MARCH 31, 2020

₹ crore

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment	2	599.51	683.81
(b) Other Intangible Assets	3	2.71	5.57
(c) Right-of-Use Asset	4	33.53	-
(d) Financial Assets			
(i) Loans	5	1.00	0.08
(e) Other Non Current Assets	6	6.29	5.81
Total Non Current Assets		643.04	695.27
(2) Current Assets			
(a) Inventories	7	48.26	34.51
(b) Financial Assets			
(i) Investments	8	528.93	427.30
(ii) Trade Receivables	9	188.66	439.89
(iii) Cash & Cash Equivalents	10	6.12	(0.85)
(iv) Other Bank Balances	11	0.32	0.31
(v) Other Financial Assets	12	53.74	25.56
(c) Other Current Assets	13	1,068.34	600.14
Total Current Assets		1,894.37	1,526.86
TOTAL ASSETS		2,537.41	2,222.13
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	14	710.60	710.60
(b) Other Equity	15	(377.63)	(423.56)
Total Equity		332.97	287.04
(2) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	636.89	588.82
(b) Provisions	17	105.84	95.71
Total Non Current Liabilities		742.73	684.53
(3) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	199.99	241.00
(ii) Current Maturities of Long Term Borrowings	19	129.95	246.81
(iii) Trade Payables			
- Due to micro enterprises and small enterprises	20	3.44	1.19
- Due to others		136.66	120.82
(iv) Other Financial Liabilities	21	195.24	205.30
(b) Other Current Liabilities	22	792.97	426.53
(c) Provisions	23	3.46	8.91
Total Current Liabilities		1,461.71	1,250.56
TOTAL EQUITY AND LIABILITIES		2,537.41	2,222.13
NOTES FORMING PART OF THE FINANCIAL STATEMENTS		1 TO 31	
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 WTD & COO DIN : 08333217 Place: Tokyo	Yusuke Kurogi Director DIN: 07172890 Place: Yokohama	Shailendra Roy Chairman DIN: 02144836 Place: Mumbai
	A R Prasad Chief Financial Officer Place: Surat	Raju Iyer Company Secretary Place: Chennai	
Place : Mumbai Date : 23rd April 2020	Date : 23rd April 2020		

Particulars	Note No.	FY 2019-20	FY 2018-19								
REVENUE :											
Revenue from Operations	24	802.02	811.12								
Other Income	25	39.10	16.96								
TOTAL REVENUE		841.12	828.08								
EXPENSES :											
Cost of Materials Consumed	26 (i)	468.40	422.52								
Other Manufacturing and Operating Expenses	26 (ii)	64.15	62.90								
Employee Benefits Expenses	27	71.00	63.78								
Other Expenses	28	56.17	86.84								
Finance Costs	29	77.54	90.41								
Depreciation, Amortisation & Impairment	30	54.73	56.07								
TOTAL EXPENSES		791.99	782.52								
Profit Before Tax		49.13	45.56								
Tax Expenses											
Current Tax		-	-								
Deferred Tax		-	-								
PROFIT AFTER TAX FOR THE YEAR		49.13	45.56								
Other Comprehensive Income											
Items that will not be reclassified subsequently to profit/loss - Gain/(loss) on remeasurements of the defined benefits plan		(0.07)	0.54								
Items that will be reclassified subsequently to profit/loss - Effective portion of gains/(losses) on hedging instruments in cash flow hedge		(3.78)	(23.49)								
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		45.28	22.61								
Earnings per Equity Share (Basic & Diluted) (₹)	31.13	0.69	0.64								
Face value per Equity share (₹)		10.00	10.00								
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1 TO 31										
<p>As per our report attached of even date For and on behalf of the Board of Directors of L&T-MHPS Turbine Generators Private Limited</p> <p>B.K. Khare & Co. Chartered Accountants Firm's Registration No. 105102W</p>											
<table> <tr> <td>Ravi Kapoor Partner Membership no. 040404</td> <td>Tetsuya Suzuki WTD & COO DIN : 08333217 Place: Tokyo</td> <td>Yusuke Kurogi Director DIN: 07172890 Place: Yokohama</td> <td>Shailendra Roy Chairman DIN: 02144836 Place: Mumbai</td> </tr> <tr> <td></td> <td>A R Prasad Chief Financial Officer Place: Surat</td> <td>Raju Iyer Company Secretary Place: Chennai</td> <td></td> </tr> </table>				Ravi Kapoor Partner Membership no. 040404	Tetsuya Suzuki WTD & COO DIN : 08333217 Place: Tokyo	Yusuke Kurogi Director DIN: 07172890 Place: Yokohama	Shailendra Roy Chairman DIN: 02144836 Place: Mumbai		A R Prasad Chief Financial Officer Place: Surat	Raju Iyer Company Secretary Place: Chennai	
Ravi Kapoor Partner Membership no. 040404	Tetsuya Suzuki WTD & COO DIN : 08333217 Place: Tokyo	Yusuke Kurogi Director DIN: 07172890 Place: Yokohama	Shailendra Roy Chairman DIN: 02144836 Place: Mumbai								
	A R Prasad Chief Financial Officer Place: Surat	Raju Iyer Company Secretary Place: Chennai									
Place : Mumbai Date : 23rd April 2020		Date : 23rd April 2020									

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

₹ crore

Particulars	Equity share capital	Retained earning	Hedge reserve - fair value	Equity component - financial instruments	Total other equity
Balance as at 1st April 2019	710.60	(429.79)	(7.09)	13.32	287.04
Profit for the year	-	49.13	-	-	49.13
Other comprehensive income (loss) for the year					
- Remeasurement gains (loss) on defined benefit plans	-	(0.07)	-	-	(0.07)
- Change in fair value of hedging instruments	-	-	(3.78)	-	(3.78)
- Equity component -financial instruments	-	-	-	0.65	0.65
Balance as at 31st March 2020	710.60	(380.73)	(10.87)	13.97	332.97

₹ crore

Particulars	Equity share capital	Retained earning	Hedge reserve - fair value	Equity component - financial instruments	Total other equity
Balance as at 1st April 2018	710.60	(475.89)	16.40	11.31	262.42
Profit for the year	-	45.56	-	-	45.56
Other comprehensive income (loss) for the year					
- Remeasurement gains (loss) on defined benefit plans	-	0.54	-	-	0.54
- Change in fair value of hedging instruments	-	-	(23.49)	-	(23.49)
- Equity component -financial instruments	-	-	-	2.01	2.01
Balance as at 31st March 2019	710.60	(429.79)	(7.09)	13.32	287.04

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
 WTD & COO
 DIN : 08333217
 Place: Tokyo

Yusuke Kurogi
 Director
 DIN: 07172890
 Place: Yokohama

Shailendra Roy
 Chairman
 DIN: 02144836
 Place: Mumbai

A R Prasad
 Chief Financial Officer
 Place: Surat

Raju Iyer
 Company Secretary
 Place: Chennai

Place : Mumbai
 Date : 23rd April 2020

Date : 23rd April 2020



	Particulars	FY 2019-20	FY 2018-19
A.	Cash Flow from Operating Activities		
	Net Profit/(Loss) before tax	49.13	45.56
	Adjustment for :		
	Depreciation and Amortisation	54.73	56.07
	(Profit)/Loss on Sale of Investment	(32.55)	(13.18)
	(Profit)/Loss on Sale of Fixed Asset	(0.01)	0.01
	Interest received from investments	(1.71)	(1.82)
	Interest Expenses	77.54	90.41
	Operating Profit before working capital changes	147.13	177.05
	Adjustments For Changes in Assets & Liabilities :		
	(Increase) / Decrease in Trade and Other Receivables	(249.75)	404.68
	(Increase) / Decrease in Inventories	(13.75)	4.39
	Increase / (Decrease) in Trade Payables and Customer Advances	350.63	(191.33)
	Cash generated from operations	234.26	394.79
	Direct taxes paid (net of refund)	-	-
	Net Cash from Operating Activities (A)	234.26	394.79
B.	Cash Flow from Investing Activities :		
	Purchase of Fixed Assets and Intangible Assets	(1.13)	(2.52)
	Sale of Tangible Fixed Assets	0.03	0.09
	(Purchase)/Sale of current investment (Net)	(69.08)	(263.80)
	Interest received from investments	1.71	1.82
	Net Cash/ (used in) from Investing Activities (B)	(68.47)	(264.41)
C.	Cash Flow from Financing Activities :		
	Proceeds from Issue of Share Capital	-	-
	Proceeds from Long Term Borrowings	117.02	234.42
	Repayment of Long Term Borrowings	(253.79)	(250.65)
	Settlement of derivative contracts related to borrowings	43.73	18.44
	Proceeds/(Repayment) from Other Short Term Borrowings (Net)	(41.01)	(142.76)
	Interest on Borrowings	(24.76)	(39.84)
	Net cash/ (used in) from Financing Activities (C)	(158.81)	(180.39)
	Net (decrease)/ increase in cash and cash equivalents (A+B+C)	6.98	(50.01)
	Cash and Cash equivalents as at the beginning of the year	(0.54)	49.47
	Cash and Cash equivalents as at the end of the year	6.44	(0.54)
	Net (Decrease)/ Increase in Cash and Cash Equivalents	6.98	(50.01)

NOTES

- 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.
- Cash and cash equivalents included in the Statement of Cash Flows comprise the following :

	FY 2019-20	FY 2018-19
Cash and cash equivalents disclosed under current assets [Note 10]	6.12	(0.85)
Other bank balances disclosed under current assets [Note 11]	0.32	0.31
Total Cash and cash equivalents as per Statement of Cash Flows	6.44	(0.54)

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
WTD & COO
DIN : 08333217
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Shailendra Roy
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A R Prasad
Chief Financial Officer
Place: Surat

Raju Iyer
Company Secretary
Place: Chennai

Place : Mumbai
Date : 23rd April 2020

Date : 23rd April 2020

1. SIGNIFICANT ACCOUNTING POLICIES

1.01 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.

1.02 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.

1.03 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.

1.04 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.

1.05 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 & Lumpsum Fees 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.

1.06 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.

1.07 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).

1.08 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.

1.09 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1.19 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.

1.20 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 requirements 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 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.

1.21 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 BALANCE SHEET

2 : PROPERTY, PLANT AND EQUIPMENT

₹ crore

Class of Assets	Cost			Depreciation			Book Value	
	As at 01st Apr 2019	Additions	Deductions	As at 31st Mar 2020	For the year	Deductions	As at 31st Mar 2020	As at 31st Mar 2019
Buildings	173.28	0.36	-	173.64	6.27	-	32.55	141.09
Plant & equipment	732.59	0.06	-	732.65	43.61	-	277.72	454.92
Computers	1.91	0.37	0.09	2.19	0.19	0.09	1.46	0.73
Office equipment	0.36	0.07	0.05	0.38	0.03	0.05	0.25	0.13
Furniture & fixtures	7.82	-	-	7.82	1.17	-	5.68	2.14
Vehicles	0.64	0.17	0.08	0.73	0.13	0.06	0.23	0.50
TOTAL	916.60	1.03	0.22	917.41	51.40	0.20	317.89	599.51

₹ CRORE

Class of Assets	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	-	26.28	147.00
Plant & equipment	732.72	0.01	0.14	732.59	45.23	0.09	234.11	498.48
Computers	1.61	0.39	0.09	1.91	0.14	0.09	1.36	0.55
Office equipment	0.30	0.06	-	0.36	0.03	-	0.27	0.09
Furniture & fixtures	7.82	-	-	7.82	1.20	-	4.51	3.31
Vehicles	0.72	-	0.08	0.64	0.12	0.03	0.16	0.48
Assets taken on Finance Lease	35.08	-	-	35.08	0.37	-	1.18	33.90
TOTAL	951.53	0.46	0.31	951.68	53.36	0.21	267.87	683.81

NOTES FORMING PART OF BALANCE SHEET

3 : OTHER INTANGIBLE ASSETS

₹ CRORE

Class of Assets	Cost			Amortisation			Book Value	
	As at 01st Apr 2019	Additions	Deductions	As at 31st Mar 2020	For the year	Deductions	As at 31st Mar 2020	As at 31st Mar 2019
Computer Software	2.74	0.10	-	2.84	0.05	-	2.63	0.16
Engineering & Technical Know-how Fees	40.14	-	-	40.14	2.91	-	37.64	5.41
TOTAL	42.88	0.10	-	42.98	2.96	-	40.27	5.57

₹ CRORE

Class of Assets	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	0.27
Engineering & Technical Know-how Fees	38.08	2.06	-	40.14	2.60	-	34.73	5.95
TOTAL	40.82	2.06	-	42.88	2.71	-	37.31	6.22

4 : RIGHT - OF - USE ASSETS

₹ CRORE

Class of Assets	Cost/Valuation			Amortisation			Book Value	
	As at 01st Apr 2019	Additions	Deductions	As at 31st Mar 2020	For the year	Deductions	As at 31st Mar 2020	As at 31st Mar 2019
Land	35.08	-	-	35.08	0.37	-	1.55	33.90
TOTAL	35.08	-	-	35.08	0.37	-	1.55	33.90

5 : NON-CURRENT ASSETS - FINANCIAL LOANS

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured Security Deposits, Considered Good:		
Deposit Paid	0.08	0.08
Other loans, Considered Good:		
Advance to employees	0.92	-
TOTAL	1.00	0.08

6 : OTHER NON-CURRENT ASSETS

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Non-current assets for current tax		
TDS Receivables	5.42	4.54
Financial Guarantee Asset	0.87	1.27
TOTAL	6.29	5.81

7 : INVENTORIES

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Raw Material	9.13	5.97
Components	35.56	24.96
Stores-Tools, Jigs & Fixtures	2.44	2.88
Goods in Transit	1.13	0.70
TOTAL	48.26	34.51

8 : CURRENT INVESTMENTS

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Mutual Funds	528.93	427.30
TOTAL	528.93	427.30

PARTICULARS OF INVESTMENT PURCHASED AND SOLD DURING THE YEAR

₹ crore

Particulars	Face Value	No of Units As at 31-03-2020	Value as at 31st March 2020	Value as at 31st March 2019
Mutual Funds:				
ICICI Prudential Ultra Short Term Fund- Regular			-	35.36
ICICI Prudential Short Term Fund- Regular			-	29.10
ICICI Prudential Money Market Fund- Regular	100	2,465,689	68.43	-
ICICI Prudential Liquid Fund- Direct	100	1,823,951	53.58	-
Nippon India Ultra Short Duration Fund- Regular			-	47.06
Nippon India Low Duration Fund- Regular			-	22.82
Nippon India Short Term Fund- Regular			-	15.06
Nippon India Banking and PSU Debt Fund- Direct	10	51,046,823	77.01	-
Franklin India Low Duration Fund- Regular			-	81.89
Franklin India Banking and PSU Debt Fund- Regular			-	30.49
HDFC Money Market Fund- Direct	1,000	273,650	115.48	-
Kotak Low Duration Fund- Regular			-	70.72
Kotak Corporate Bond Fund- Regular	1,000	257,065	69.17	-
Kotak Corporate Bond Fund- Direct	1,000	343,905	94.93	-
IDFC Bond Fund- Regular			-	94.80
Tata Short Term Bond Fund-Direct	10	13,456,505	50.33	-
TOTAL			528.93	427.30

9 : TRADE RECEIVABLES

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured		
Considered Good	188.66	439.89
Credit Impaired	31.36	0.53
Less : Allowance for Doubtful Debts	(31.36)	(0.53)
TOTAL	188.66	439.89

10 : CASH AND CASH EQUIVALENTS

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Balance with Banks		
Balances with Scheduled Banks	6.11	0.24
Balances with Non Scheduled Banks	0.01	-
Book credit balance in Bank Account	-	(1.09)
TOTAL	6.12	(0.85)

11 : OTHER BANK BALANCES

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Balance with Banks		
Fixed deposits with bank (maturity less than 12 months)	0.32	0.31
TOTAL	0.32	0.31

12 : CURRENT - OTHER FINANCIAL ASSETS

₹ crore

Particulars	As at	As at
	31st March 2020	31st March 2019
Advance to Employees	0.60	0.02
Interest Receivables Others	0.53	0.37
Forward Contract Receivable	49.46	23.17
Other Receivables	1.37	1.53
Security Deposits - unsecured	1.78	0.47
TOTAL	53.74	25.56

13 : OTHER CURRENT ASSETS

₹ crore

Particulars	As at	As at
	31st March 2020	31st March 2019
Unbilled Revenue (project related activity)		
Work-in-Progress at Cost	-	21.66
Work-in-Progress at Cost ICO	49.19	-
Work-in-Progress at Realisable Sales Value	772.35	329.15
Work-in-Progress at Realisable Sales Value ICO	0.08	8.16
	821.62	358.97
Contract Asset (Retention money)	203.66	195.17
Advance recoverable other than in cash		
Balance with Government Authorities	27.75	25.08
Advances to Suppliers	11.35	22.77
Gratuity Asset	1.89	0.72
Prepaid Expenses	1.14	1.06
Financial Gurantee Asset	0.93	0.97
	43.06	50.60
Less: Allowance for Doubtful loans & advances	-	(4.60)
	43.06	46.00
TOTAL	1,068.34	600.14

14 (i) : EQUITY SHARE CAPITAL

₹ crore

Particulars	As at 31st March 2020		As at 31st March 2019	
	No. Of Shares	Rupees	No. Of Shares	Rupees
Authorised:				
Equity Shares of ₹ 10 each	720,000,000	720.00	720,000,000	720.00
Issued, Subscribed & Fully Paid-up:				
Equity Shares of ₹ 10 each	710,600,000	710.60	710,600,000	710.60
TOTAL	710,600,000	710.60	710,600,000	710.60

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

₹ crore

Particulars	As at 31st March 2020		As at 31st March 2019	
	No. Of Shares	Rupees	No. Of Shares	Rupees
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

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

Particulars	As at 31st March 2020		As at 31st March 2019	
	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 ₹ 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.

15 : OTHER EQUITY

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Equity component of other financial instruments	13.97	13.32
Retained Earnings	(380.73)	(429.79)
Hedging Reserve Fund	(10.87)	(7.09)
TOTAL	(377.63)	(423.56)

16 : FINANCIAL LIABILITIES - LONG TERM BORROWINGS

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured		
Long Term Unsecured Loan from Banks	766.84	835.63
Less: Current Maturities of Long Term Borrowings (Included in Note: 19)	129.95	246.81
TOTAL	636.89	588.82

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.

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

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019	Rate of Interest	Terms of repayment of term loan outstanding as on 31st March 2020
External Commercial Borrowings from Japan Bank for International Co-Operation	-	114.11	USD Libor + Spread	Repayable in 6 equal Half yearly installments commenced from 15/03/2017 and ending on 15/09/2019
	-	11.68	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	274.25	368.07	JPY Libor + Spread	Repayable in 3 equal yearly installments commencing from 15/07/2019 and ending on 15/07/2021
	492.59	341.77	USD Libor + Spread	Repayable in 4 equal yearly installments commencing from 15/09/2021 and ending on 15/03/2023
TOTAL	766.84	835.63		

Note: 1. Current maturities of long term borrowings are forming part of Note 19

2. ECB has been hedged through interest rate swap and currency swaps as disclosed in Note 31.08

17 : PROVISIONS - NON CURRENT

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Provisions For Employee Benefits		
Compensated Absences	6.20	5.01
Provisions for Product Warranties	99.64	90.70
TOTAL	105.84	95.71

18 : SHORT TERM BORROWINGS

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Secured		
Packing credit from Bank	-	25.00
Unsecured		
Packing credit from Bank	199.99	216.00
TOTAL	199.99	241.00

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

19 : CURRENT MATURITIES OF LONG TERM BORROWINGS

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured		
Term loans from banks	129.95	246.81
TOTAL	129.95	246.81

20 : TRADE PAYABLES

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Due to Micro and Small Enterprises	3.44	1.19
Other Trade Payables	136.66	120.82
TOTAL	140.10	122.01

21 : CURRENT - OTHER FINANCIAL LIABILITIES

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Embedded Derivative Payables	0.01	1.24
Accrued Interest on borrowing	0.58	0.89
Security Deposit Received	0.21	0.24
Other Payables	0.75	0.45
Tender Deposit Received	0.06	0.15
Performance Linked Rewards	3.70	4.79
Forward Contract Payable (Designated as Cash Flow Hedge)	50.15	71.65
Unbilled Costs - Contracts	76.48	67.67
Other Liabilities	63.30	58.22
TOTAL	195.24	205.30

22 : OTHER CURRENT LIABILITIES

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for foreseeable losses	27.42	27.42
Advances from Customers	760.67	396.89
Other Payables		
Statutory Dues	4.88	2.22
TOTAL	792.97	426.53

23 : PROVISIONS - CURRENT

₹ crore

Particulars	As at 31st March 2020	As at 31st March 2019
Provisions For Employee Benefits		
Compensated Absences	3.46	1.27
Other Provision		
	-	7.64
TOTAL	3.46	8.91

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

24 : REVENUE FROM OPERATIONS

₹ crore

Particulars	FY 2019-20	FY 2018-19
Sales & Services		
Manufacturing, Construction & Project Related Activity	755.52	765.01
Engineering and Service Fees	45.81	22.90
	801.33	787.91
Other Operational Income		
Non - Production Scrap Sale	0.09	0.10
Miscellaneous Income	-	9.57
Premium on Forward Contracts	0.60	13.54
	0.69	23.21
TOTAL	802.02	811.12

25 : OTHER INCOME

₹ crore

Particulars	FY 2019-20	FY 2018-19
Interest Receivable on Investments	1.71	1.82
Net Gain/ (Loss) on sale of Current Investments	38.24	8.45
Profit / (Loss) on sale of Fixed Assets (Net)	0.01	(0.01)
Gain/(Loss) on Fair Valuation of Investments	(5.69)	4.73
Other Income	4.83	1.97
TOTAL	39.10	16.96

26 (i): COST OF MATERIALS CONSUMED

₹ crore

Particulars	FY 2019-20	FY 2018-19
Materials Consumed		
Raw Materials	23.68	17.94
Components	420.25	390.51
Freight Inward	3.54	5.42
	447.47	413.87
Less: Manufacturing Scrap Sales	(4.29)	(5.87)
Sub Contracting Charges	25.22	14.52
TOTAL	468.40	422.52

26 (ii): MANUFACTURING AND OPERATING EXPENSES

₹ crore

Particulars	FY 2019-20	FY 2018-19
Stores, Spares & Tools	28.99	24.54
Power and Fuel	11.28	12.08
Royalty and Technical Knowhow Fees	-	2.66
Packing & Forwarding Charges	3.51	8.04
Hire charges - Plant Machinery and Others	0.47	0.22
Engineering, Technical & Consultancy Fees	14.93	11.51
Repairs & Maintenance	2.47	2.00
Other manufacturing Expenses	2.50	1.85
TOTAL	64.15	62.90

27 : EMPLOYEE BENEFITS EXPENSES

₹ crore

Particulars	FY 2019-20	FY 2018-19
Salaries, Wages and Bonus	56.66	54.39
Contribution to and Provision for		
Provident Fund	1.85	1.27
Employee's Pension Scheme	1.24	1.25
Gratuity Fund	0.91	0.76
Leave Encashment	3.54	(0.52)
Employee Deposit Linked Insurance	0.04	0.03
Group Insurance	0.03	0.03
Employee Welfare Expenses	6.73	6.57
TOTAL	71.00	63.78

28 : OTHER EXPENSES

₹ crore

Particulars	FY 2019-20	FY 2018-19
Insurance	1.59	1.32
Rent	0.04	0.04
Rates & Taxes	0.03	-
Travelling and Conveyance	1.20	1.38
General Repairs and Maintenance	7.60	5.99
Audit Fees	0.09	0.05
Cost Audit Fees	0.01	0.01
Professional Fees	1.07	1.38
Directors Fees	0.05	0.04
Telephone, Postage and Telegrams	0.26	0.24
Bank Charges	1.09	0.74
Security Charges	0.82	0.90
Cost of Software	1.40	1.11
Expected Credit Loss	30.83	0.47
Other Expenses	0.72	1.38
Foreign Exchange (Gain) / Loss (Net)	2.73	18.92
Provisions for warranties & Liquidated Damages	6.64	52.87
TOTAL	56.17	86.84

29 : FINANCE COSTS

₹ crore

Particulars	FY 2019-20	FY 2018-19
Interest Expenses		
Interest paid on Term Loan from Banks	12.41	21.69
Interest paid on Cash Credit	0.08	0.24
Interest Paid on Export Packing Credit	10.98	15.95
Other Borrowing Costs		
Premium on Forward Contracts	28.48	35.77
Other Interest paid	1.29	1.96
Interest Accrued and due to Supplier UnderMSMED	0.04	0.01
Exchange (Gain)/Loss	24.26	14.79
TOTAL	77.54	90.41

30 : DEPRECIATION, AMORTISATION & IMPAIRMENT

₹ crore

Particulars	FY 2019-20	FY 2018-19
Depreciation on property, plant and equipment	51.40	53.36
Amortisation of other intangible assets	2.96	2.71
Depreciation charge for Right-Of-Use Assets*	0.37	-
TOTAL	54.73	56.07

(*) Depreciation charge is on account of reclassification of asset taken on finance lease from Property, Plant and Equipment to Right-Of -Use Asset as required by Ind AS 116 Leases effective from 01-April-2019.

**31.01 Disclosures pursuant to Ind AS-115 “Revenue from contract with customers”****a) Disaggregation of Revenue:-****F.Y.2019-20**

₹ 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	116.97	621.02	737.99	-	737.99
(ii) At a point of time	65.54	-1.50	64.03	39.10	103.13
Total (i+ii)	182.50	619.52	802.02	39.10	841.12

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

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
	2019-20	2018-19	2019-20	2018-19	2019-20
Opening Balance	-	-	0.53	0.06	-
Ind AS-115 Transition impact	-	-	-	-	-
Change in Loss Allowances	-	-	-	-	-
Loss allowance based on ECL	-	-	-	-	-
Additional Provisions (Net)	-	-	30.83	0.47	-
Written off as Bad debts	-	-	-	-	-
Closing Balance	-	-	31.36	0.53	-

The Company has Receivables of ₹109 crore from its parent company in respect of turbine package executed for a customer through its parent company. The parent company is in discussion with the customer to collect the Receivables and has confirmed satisfactory progress in that regard. The company expects to realise said receivable amount fully on completion of the settlement process.

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

₹ crore

Particulars	Contract Assets	Contract Liabilities	Contract Assets	Contract Liabilities
	2019-20		2018-19	
Opening Balance	358.97	396.89	746.00	467.39
Add/(Less): Revenue recognised during the year	737.99	-	736.46	-
Add/(Less): Physical Billing during the year	(275.33)	-	(1,123.49)	-
Add/(Less): Progress Bills raised during the year	-	-	-	-
Add/(Less): Advance received during the year (Net of Adj.)	-	363.78	-	(70.50)
Add/(Less): Impairment of Contract Assets	-	-	-	-
Foreseeable Loss on Contract Assets (Net of Reversal)	-	-	-	-
ECL on Contract Assets (Net of Reversal)	-	-	-	-
Closing Balance	821.62	760.67	358.97	396.89

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

₹ crore

Particulars	2019-20	2018-19
Opening Contracted Price of orders at the start of the year (incl. full value of partially executed contracts)	1,862.78	3,418.38
Changes during the year on account of:		
Add: Fresh Orders Received (incl. revaluation)	1,143.14	820.41
Add: Additional Claims / Bonus	-	-
Less: Orders Completed	(218.90)	(2,376.01)
Less: Penalty	-	-
Closing Contracted Price of orders at the end of the year (including full value of partially executed contracts)	2,787.01	1,862.78

₹ crore

Particulars	2019-20	2018-19
Revenue recognised during the year		
Out of Orders completed during the year	70.77	264.16
Out of Continuing Orders at the end of the year (I)	667.21	472.30
Revenue recognised upto P.Y. towards Continuing Orders at the end of the year (II)	992.72	674.25
Balance Revenue to be recognised in Future years (III)	1,127.12	716.23
Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts) (I+II+III)	2,787.01	1,862.78

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	1,127.12	627.54	499.58	-	-
Total	1,127.12	627.54	499.58	-	-

31.02 Auditor's Remuneration and Expenses Charged to Accounts

₹ crore

Particulars	2019-20	2018-19
Audit fees	0.03	0.03
Tax audit fees	0.01	0.01
Other Services	0.04	0.02
Total	0.09	0.06

31.03 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, 2020. The disclosure pursuant to the said Act is as under

₹ crore

Particulars	2019-20	2018-19
Principal Amount due to suppliers under MSMED Act	3.43	1.18
Interest accrued, due to suppliers under MSMED Act	0.00	0.01
Payment made to suppliers (other than interest) beyond the appointed day during the year	8.93	3.10
Interest paid to suppliers under MSMED Act (other than section 16)	Nil	Nil
Interest paid to suppliers under MSMED Act (section 16)	0.04	0.01
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	0.00	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.

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

a) The major components of tax expense for the year ended March 31, 2020

₹ crore

Sr. No.	Particulars	2019-20	2018-19
(a)	Statement of Profit and Loss:		
1	(i) Profit and Loss section		
	Current income tax :		
	Current income tax charge	Nil	Nil
	Effect of prior period adjustments	0.00	Nil
2	Deferred tax:		
	Relating to origination and reversal of temporary differences	Nil	Nil
	Income tax expense reported in the statement of profit or loss	Nil	Nil
(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 Deferred tax expense for the year ended March 31, 2020

₹ crore

Sr. No.	Particulars	2019-20	2018-19
1	Profit before tax	49.13	45.53
2	Applicable tax rate	25.17%	34.94%
3	PBT * applicable tax rate (1*2)	12.37	15.91
4	Items forming part of deferred tax expense:		
(a)	Set off of previously unadjusted tax losses	(12.37)	(15.91)
(b)	Difference in book and Income tax depreciation	Nil	Nil
(c)	Provision for compensated absences disallowed u/s 43B	Nil	Nil
(d)	Reversal of Deferred tax assets	Nil	Nil
(e)	Others	Nil	Nil
	Tax expense recognised during the year (Total 3 to 4)	Nil	Nil

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

₹ crore

Sr. No.	Particulars	Balance Sheet		Statement of Profit & Loss	
		31-Mar-20	31-Mar-19	2019-20	2018-19
1	Provision for compensated absences disallowed u/s 43B	Nil	Nil	Nil	Nil
2	Difference in book and income tax depreciation	Nil	Nil	Nil	Nil
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	Nil

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

₹ crore

Sr. No.	Particulars	2019-20	2018-19
1	Opening balance	Nil	Nil
2	Tax income / (expense) during the period recognised in statement of profit and loss	Nil	Nil
	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.

31.05 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.

31.06 Disclosures as required by Indian Accounting Standard (Ind AS) 37 Provisions, Contingent Liabilities, Contingent Assets and Commitments**Movement in provisions: product warranties**

₹ crore

Particulars	2019-20	2018-19
Opening balance	90.70	45.47
Add:- Additional provision during the year	8.95	45.23
Less:- Provision used/reversed during the year	Nil	Nil
Closing balance	99.64	90.70

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-20	31-Mar-19
Sales tax liability on outcome of assessment dues is challenged in first appeal.	Nil	0.36

Appellate authority has issued order for FY13 in the favour of the Company on 26.02.2020 and demand no longer exist. For the appeal filed with Deputy Commissioner for similar issue of FY12, Company believes that the appellate authority will issue order in favour of the Company and no demand will exist. Hence, there is no contingent liability.

Capital Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 0.54 Cr. (previous year ₹ 0.44 Cr.)

31.07 (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 ₹ 1.24 Cr. towards Employee's Pension Scheme (previous year : 1.25 Cr.) and ₹ 1.85 Cr. towards Provident fund (Previous Year ₹ 1.27 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 ₹ 20 Lakh.

Table 1 : Amount recognized in Balance Sheet - Gratuity

Particulars	Gratuity plan	
	31-Mar-20	31-Mar-19
Present value of funded defined benefit obligation	6.89	5.73
Less : Fair value of plan assets	(8.86)	(6.46)
Add : Present value of unfunded defined benefit obligation	Nil	Nil
Add : Amount not recognized due to asset limit	0.08	Nil
Net defined benefit liability / (asset) recognized in balance sheet	(1.89)	(0.72)
Net defined benefit liability / (asset) is bifurcated as follows:		
Current	Nil	Nil
Non-current	(1.89)	(0.72)

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

Particulars	Gratuity plan	
	31-Mar-20	31-Mar-19
Current service cost	0.98	0.84
Interest on defined benefit obligation liability / (asset)	(0.07)	(0.08)
Past service cost	Nil	Nil
Administration Expenses	Nil	Nil
(Gain)/Loss on settlement	Nil	Nil
Expense charged to Statement of Profit & Loss	0.91	0.76

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

Particular	Gratuity plan	
	31-Mar-20	31-Mar-19
Opening amount recognised in OCI outside Statement of profit & Loss	0.62	0.08
Remeasurements during the period due to :		
Changes in financial assumptions	(0.75)	0.19
Changes in demographic assumptions	Nil	(0.00)
Experience adjustments	0.66	0.37
Actual return of plan assets less interest on plan assets	(0.07)	(0.02)
Adjustment to recognize the effect of asset ceiling	0.08	Nil
Closing amount recognized in OCI outside Statement of Profit & Loss	0.55	0.62

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

₹ crore

Particulars	Gratuity plan	
	31-Mar-20	31-Mar-19
Opening balance of present value of defined benefit obligations	5.73	4.18
Add: Current service cost	0.98	0.84
Add: Interest cost	0.41	0.31
i) Employer		
ii) Employee		
Add/(Less): Actuarial losses/(gains) arising from -		
Changes in financial assumptions	(0.75)	0.19
Changes in demographic assumptions	Nil	(0.00)
Experience adjustments	0.66	0.37
Less: Benefits paid	(0.15)	(0.16)
Add: Past service cost	Nil	Nil
Add: Liabilities assumed on transfer of employees	Nil	Nil
Closing balance of present value of defined benefit obligations	6.89	5.73

Table 5 - Reconciliation of Plan Assets

₹ crore

Particulars	Gratuity plan	
	31-Mar-20	31-Mar-19
Opening fair value of plan assets	6.46	4.94
Add: Interest income on plan assets	0.48	0.39
Add: Actual return on plan assets less interest income	0.07	0.02
Add: Contributions by employer	2.01	1.27
Add: Assets acquired / (settled)*	Nil	Nil
Less: Benefits paid	(0.15)	(0.16)
Less: Assets distributed on settlements	Nil	Nil
Closing Balance of plan assets	8.86	6.46

* 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-20	31-Mar-19
Discount rate (p.a.)	6.60%	7.50%
Salary escalation rate (p.a.)	5.00%	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

Particulars	Gratuity plan	
	31-Mar-20	31-Mar-19
Discount rate		
Impact of increase in 100 bps on defined benefit obligations	-8.22%	-8.87%
Impact of decrease in 100 bps on defined benefit obligations	9.66%	10.50%
Salary escalation rate		
Impact of increase in 100 bps on defined benefit obligations	9.71%	10.45%
Impact of decrease in 100 bps on defined benefit obligations	-8.41%	-8.99%

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

31.08 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. No.	Particulars	31-Mar-20	31-Mar-19
1	Measured at Fair value thru" Profit & Loss (FVTPL)		
(a)	Mutual funds	528.92	427.30
(b)	Derivative Instruments	49.46	23.17
2	Measured at amortised cost		
(a)	Trade Receivables	392.32	635.06
(b)	Advances recoverable in cash or kind	2.88	1.55
(c)	Cash and cash equivalents	6.12	(0.85)
(d)	Other bank balances	0.32	0.31
(e)	Security deposits	1.85	0.54
3	Measured at Fair value thru" OCI (FVTOCI)		
(a)	Embedded derivative	Nil	Nil
(b)	Derivative Instruments	Nil	Nil
	Total Financial Assets	981.88	1,087.08

Financial liabilities by category:

		₹ crore	
Sr. No.	Particulars	31-Mar-20	31-Mar-19
1	Measured at Fair value thru" Profit & Loss (FVTPL)		
(a)	Embedded derivatives	0.01	1.24
(b)	Derivative Instruments	50.15	71.65
2	Measured at amortised cost		
(a)	Borrowings	966.83	1,078.02
(b)	Trade payables	140.10	121.99
(c)	Other financial liabilities	5.30	6.52
3	Financial liabilities at fair value thru OCI		
(a)	Embedded derivatives	Nil	Nil
(b)	Derivative Instruments	Nil	Nil
	Total Financial Liabilities	1,162.39	1,279.42

Disclosures in Statement of Profit & Loss

		₹ crore	
Sr. No.	Particulars	2019-20	2018-19
1	Net gain/ (losses) on financial assets and financial liabilities	(39.25)	(14.66)
(a)	Mandatorily measured at fair value through P&L		
	Gain/ (Loss) on fair valuation or sale of investment in Mutual Fund	(5.69)	4.73
(b)	Designated as at fair value through P&L		
	(i) Gain/ (Loss) on fair valuation or settlement of forward contract	(5.27)	(12.15)
	(ii) Gain/ (Loss) on fair valuation or settlement of Embedded derivative contract	0.66	3.77
(c)	Financial assets measured at amortised cost		
	(i) Exchange Gain/ (Loss) on revaluation or settlement of items denominated in foreign currency	11.73	(10.86)
	(ii) (Allowances)/reversal of expected credit loss during the year	(30.83)	(0.47)
(d)	Financial liabilities measured at amortised cost		
	Exchange Gain/ (Loss) on revaluation or settlement of items denominated in foreign currency	(9.85)	0.32
(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.	Nil	Nil
	(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 20

₹ 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	170.22	82.53	-	170.22
EUR including EUR pegged currency	76.72	81.00	76.72	-
JPY	537.64	0.70	456.74	80.90
Receivable hedges				
USD	313.52	73.77	303.35	10.17
JPY	66.92	0.68	66.92	-
Currency Swaps				
USD	146.39	70.98	-	146.39
JPY	-	-	-	-
b. Interest rate exposure				
Cash flow hedge				
Foreign currency forward covers				
USD	-	-	-	-
JPY	-	-	-	-
Currency Swaps				
USD	1.24	71.06	1.24	-
JPY	-	-	-	-

Information as on 31 March 19

₹ 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	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	-	-	-	-
Full Currency Swaps				
USD	3.08	67.59	3.08	-
JPY	-	-	-	-

₹ crore

Financial assets and liabilities measured recurring fair value measurements At 31 March 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Measured at Fair value thru" Profit & Loss (FVTPL)				
Investments in Mutual funds	528.92			528.92
Embedded derivative		-		-
Derivative Instruments		49.46		49.46
Measured at amortised cost				
Trade Receivables		392.32		392.32
Advances recoverable in cash		2.88		2.88
Cash and cash equivalents		6.12		6.12
Other bank balances		0.32		0.32
Security deposits		1.85		1.85
Measured at Fair value thru" OCI (FVTOCI)				
Embedded derivative		-		-
Derivative financial instruments designated as cash flow hedges		-		-
Total Financial Assets				981.88
Financial Liabilities				
Measured at Fair value thru" Profit & Loss (FVTPL)				
Embedded derivatives		0.01		0.01
Derivative Instruments		50.15		50.15
Measured at amortised cost				
Borrowings		966.83		966.83
Trade payables		140.10		140.10
Other financial liabilities		5.30		5.30
Financial liabilities at fair value thru OCI				
Embedded derivatives		-		-
Derivative Instruments		-		-
Total Financial Liabilities				1,162.39

31.09 Financial Risk Management

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

The Company's risk management policy (including financial risk) is recommended by the treasury 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	2019-20	2018-19
ECL on Trade receivables		
Opening	0.53	0.06
Changes in loss allowance (Provision for doubtful debts):		
Add: Loss allowance based on Expected credit loss	30.83	0.47
Less: Write off as bad debts	0.00	0.00
Less: Reduction in provision due to actual receipt from customers	0.00	0.00
Closing	31.36	0.53

The percentage of revenue from its top two customers is 86% for 2019-20 (86% for 2018-19).

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

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

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 2020 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 31.03.2020 :

₹ crore

Sr. No.	Particulars	Up to 12 months	More than 12 months	31-Mar-20
1	Borrowings	329.94	636.89	966.83
2	Trade payables	138.86	1.24	140.10
3	Other financial liabilities	5.30	-	5.30

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-20	31-Mar-19
USD Sensitivity (USD and USD pegged currency)		
INR/USD -Increase by 5%*	9.46	8.43
INR/USD -Decrease by 5%*	(9.46)	(8.43)
JPY Sensitivity		
INR/JPY -Increase by 5%*	0.23	(0.30)
INR/JPY -Decrease by 5%*	(0.23)	0.30
EURO Sensitivity (EURO and EURO pegged currency)		
INR/EURO -Increase by 5%*	0.02	0.00
INR/EURO -Decrease by 5%*	(0.02)	(0.00)

* 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-20	31-Mar-19
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-20	31-Mar-19
Liquid funds		
NAV -Increase by 1%*	(5.29)	(4.27)
NAV -Decrease by 1%*	5.29	4.27

* Holding all other variable constant

31.10 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, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue by location of customers	182.71	275.53	619.52	536.54	802.23	812.08
Trade Receivables*	390.92	482.93	1.40	152.12	392.31	635.06
Advances from Customers	129.87	88.23	630.80	308.66	760.67	396.89

* Refer Note No: 9 & 13

31.11 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 31-03-2020	As at 31-03-2019
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	2019-20	2018-19
a	Short term employment benefits	0.52	0.45
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		0.54	0.46

- c. Payments made to Independent Directors

₹ crore

Particulars	2019-20		2018-19	
	Mr. Shekar Viswanathan	Mrs. Vijaya Sampath	Mr. Shekar Viswanathan	Mrs. Vijaya Sampath
Sitting Fees				
Audit Committee	-	-	-	-
Board Meeting	0.02	0.02	0.01	0.02
Nomination & Remuneration	0.00	0.01	Nil	0.01
Total sitting fees	0.02	0.03	0.01	0.03
Commission	0.05	0.05	-	-
Total Payment made	0.07	0.08	0.01	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
8	L&T Infotech Limited	Member of same group

e. Commitment with related parties

₹ crore

Particulars	31-Mar-20	31-Mar-19
Purchase commitment - Revenue:		
Larsen & Toubro Limited	0.03	-
Mitsubishi Hitachi Power Systems Limited	3.70	3.10
L&T-MHPS Boilers Private Limited	43.19	23.34
L&T Special Steels & Heavy Forgings Pvt. Ltd.	0.01	0.07
Mitsubishi Electric Corporation	9.08	1.54
Mitsubishi Heavy Industries	0.06	-
Total	56.07	28.04

f. Disclosure of related party transactions

₹ crore

Sr. No.	Particulars	2019-20	2018-19
1	Purchase of goods & services:	36.02	39.17
(i)	Mitsubishi Hitachi Power Systems Limited	4.59	3.55
(ii)	Larsen & Toubro Limited	0.64	5.38
(iii)	L&T-MHPS Boilers Private Limited	28.94	11.66
(iv)	L&T Special Steels & Heavy Forgings Pvt. Ltd.	0.00	0.00
(v)	Mitsubishi Electric Corporation	1.84	18.59
(vi)	L&T Infotech Limited	0.01	-

₹ crore

Sr. No.	Particulars	2019-20	2018-19
2	Sale of goods & services:	223.90	1,158.33
(i)	Larsen & Toubro Limited	31.51	276.39
(ii)	Mitsubishi Hitachi Power Systems Limited	139.93	851.78
(iii)	Nabha Power Ltd.	51.92	29.21
(iv)	L&T-MHPS Boilers Private Limited	-	0.00
(v)	Mitsubishi Electric Corporation	0.35	-
(vi)	L&T Special Steels & Heavy Forgings Pvt. Ltd.	0.19	0.94

₹ crore

Sr. No.	Particulars	2019-20	2018-19
3	Capital transactions on account of Purchase:	-	2.06
(i)	Mitsubishi Hitachi Power Systems Limited	-	2.06

₹ crore

Sr. No.	Particulars	2019-20	2018-19
4	Capital transactions on account of Sale:	-	0.04
(i)	L&T Special Steels & Heavy Forgings Pvt. Ltd.	-	0.02
(ii)	Larsen & Toubro Limited	-	0.02



₹ crore

Sr. No.	Particulars	2019-20	2018-19
5	Other Transactions Net Balances:	9.72	8.40
	Recovery of Expenses from:		
(i)	Mitsubishi Hitachi Power Systems Limited	-	0.12
(ii)	Mitsubishi Electric Corporation	0.03	0.18
(iii)	L&T-MHPS Boilers Private Limited	0.05	-
	Payables towards expenses incurred by:		
(i)	L&T-MHPS Boilers Private Limited	-	0.05
(ii)	Larsen & Toubro Limited	9.65	8.64
(iii)	L&T Hydrocarbon Engineering Limited	0.01	0.01
(iv)	Mitsubishi Hitachi Power Systems Limited	0.14	-
	Inter Corporate Deposits (ICD):		
(i)	ICD to Larsen & Toubro Ltd.	246.00	100.00
(ii)	Receipt on Maturity of ICD from Larsen & Toubro Ltd.	246.00	100.00
(iii)	Interest received on maturity of the ICD	0.13	1.81

g. Amount due to/from related parties

₹ crore

Sr. No.	Particulars	As at 31-03-2020	As at 31-03-2019
1	Amount due to related parties:	18.01	9.61
(i)	Larsen & Toubro Limited	7.28	5.40
(ii)	L&T-MHPS Boilers Private Limited	8.46	1.01
(iii)	L&T Hydrocarbon Engineering Limited	-	0.01
(iv)	Mitsubishi Electric Corporation	0.71	3.18
(v)	Mitsubishi Hitachi Power Systems Limited	1.56	-

₹ crore

Sr. No.	Particulars	As at 31-03-2020	As at 31-03-2019
2	Amount due to related parties (towards advances) :	756.21	382.74
(i)	Larsen & Toubro Limited	125.41	68.09
(ii)	Nabha Power Ltd.	-	5.99
(v)	Mitsubishi Hitachi Power Systems Limited	630.80	308.66

₹ crore

Sr. No.	Particulars	As at 31-03-2020	As at 31-03-2019
3	Amount due from related parties:	399.74	633.17
(i)	Larsen & Toubro Limited	368.66	472.20
(ii)	L&T Special Steels & Heavy Forgings Pvt. Ltd.	-	1.12
(iii)	L&T-MHPS Boilers Private Limited	-	0.00
(iv)	Mitsubishi Electric Corporation	0.05	0.05
(v)	Mitsubishi Hitachi Power Systems Limited	1.54	156.59
(vi)	Nabha Power Ltd.	29.49	3.20

31.12 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 ₹ 12.54 Cr. The same is being recovered over the period of vesting by the holding company. Accordingly, cost of ₹ 12.52 Cr. (Previous Year ₹ 12.43 Cr.) has been recovered by the holding company upto current year, out of which, ₹ 0.08 Cr. (Previous Year ₹ 0.39 Cr.) was recovered during the year. Balance ₹ 0.02 Cr. will be recovered in future periods.

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

Basic and diluted earnings per share (EPS)

Particulars	₹ crore	
	2019-20	2018-19
Profit / (Loss) after tax as per accounts	49.13	45.56
Weighted average number of shares outstanding (Nos)	71.06	71.06
Basic EPS (Amount in ₹)	0.69	0.64
Diluted EPS (Amount in ₹)	0.69	0.64
Face Value per share (Amount in ₹)	10.00	10.00

31.14 Assets Pledged as Security

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

Particulars	₹ crore	
	31-Mar-20	31-Mar-19
Current:		
Financial assets		
Trade Receivables	392.31	635.06
Non Financial assets		
Inventories	869.88	393.48
Total assets pledged as security	1,262.19	1,028.54

31.15 Potential impact due to COVID-19 Pandemic on significant accounting estimates

Outbreak of COVID 19 and resultant lock down announced by the Government of India in the country has affected the production at factory and Erection/commissioning work at Project sites. Overheads incurred during the lock down period, though not significant, have been charged to the statement of profit and loss. In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs, intangible assets, and investments, the Company has considered internal and external information upto the date of approval of these financial statements. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the COVID-19 may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions. The Company has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020.

**31.16 Note on Ind AS 116 Leases**

Effective 1st April, 2019, the Company adopted Ind AS 116 "Leases" in respect of lease contracts outstanding on April 1,2019 using modified retrospective method and has opted to measure Right-of-use asset at an amount equal to present value of lease liability outstanding on the date of initial application adjusted for any outstanding lease payment related to that lease recognised before that date. Accordingly, financials for the year ended March 31,2020 have not been restated. This has resulted in recognising a Right-of-use asset amounting to ₹ 35.08 Crores and a corresponding lease liability is NIL as the entire lease payments related to this right to use were paid in advance at the inception of the lease/Right to use. In the profit and loss account for the current year, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-of-use asset and finance cost is Nil in absence of corresponding lease liability.

The adoption of Ind AS 116 did not have any material impact on the results for the financial year ended March 31,2020.

31.17 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 WTD & COO DIN : 08333217 Place: Tokyo	Yusuke Kurogi Director DIN: 07172890 Place: Yokohama	Shailendra Roy Chairman DIN: 02144836 Place: Mumbai
	A R Prasad Chief Financial Officer Place: Surat	Raju Iyer Company Secretary Place: Chennai	
Place : Mumbai Date : 23rd April 2020	Date : 23rd April 2020		

“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. Bhatia, Surat 394510

Website : www.Lntmhpsturbogen.com

CIN: U31101MH2006PTC166541