

## **DIRECTORS' REPORT**

Dear Members,

The Directors have pleasure in presenting their 10<sup>th</sup> Annual Report and Accounts for the year ended March 31, 2020.

### **FINANCIAL RESULTS**

Summary of Financial Results of the Company is as follows:

<b>Particulars</b>	<b>(Rs. In Crs)</b>	
	<b>2019-20</b>	<b>2018-19</b>
Turnover	95.57	108.03
Profit/(loss) before Depreciation, Interest, Taxes	44.82	64.40
Less: Depreciation, amortization and obsolescence	56.06	54.73
Profit before interest & Tax	(11.24)	9.67
Less: Interest	(7.83)	8.53
Profit before tax	(19.07)	1.14
Less: Provision for tax	0.31	0.48
Profit after tax from continuing operations	(19.38)	0.66
Profit for the period carried to the balance sheet	(19.38)	0.66
Add: Balance brought forward from previous year	199.62	199.19
<b>Balance available for disposal (which directors appropriate as follows)</b>	<b>180.24</b>	<b>199.85</b>
<b>Tonnage Tax Reserve</b>	<b>-</b>	<b>0.43</b>
<b>Balance carried to Balance Sheet</b>	<b>180.24</b>	<b>199.62</b>

### **YEAR IN RETROSPECT & STATE OF AFFAIRS:**

The gross sales and other income for the financial year under review were Rs. 95.57 crore as against Rs. 108.03 crore for the previous financial year registering a decrease of 11.53 %. The profit after tax from continuing operations including extraordinary and exceptional items was Rs. (19.38) crore for the financial year under review as against Rs. 0.66 crore for the previous financial year. The drop in the profit is mainly due to lower utilization of vessel. The vessel, LTS

**CAPITAL & FINANCE:**

Shareholding of the company as on March 31, 2020 stood as follows:

<b>Sr. No.</b>	<b>Name of the Shareholders</b>	<b>No. of Shares</b>	<b>Percentage</b>
1.	L&T Hydrocarbon Engineering Limited	95,311,850	60
2.	Sapura Nautical Power Pte. Ltd.	63,541,233	40
	<b>TOTAL</b>	<b>158,853,083</b>	<b>100</b>

The company has repaid the shareholders loan to an extent of USD 4.37 Mn (approx. equivalent INR 33.11 Crs) as on March 31, 2020.

**CAPITAL EXPENDITURE:**

As at March 31, 2020 the gross fixed assets stood at Rs. 1242.18 crores and the net fixed assets at Rs. 598.42 crores. There is a Capital Expenditure of Rs. 16.26 crores during the year on account of Dry Dock.

**DEPOSITS**

The Company has neither accepted any deposits from public during the year under review nor there are any deposits outstanding as of March 31, 2020.

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

The Company has not given any loan, guarantees or security & has not made any investment during the year.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All the related party transactions during the year were in the ordinary course of business and at arm's length. The Board had approved all the related party transactions for the FY 2019-20.

A Statement containing details of all material transactions/ contracts/ arrangements is attached as Annexure 'D'.

**AMOUNT TO BE CARRIED TO RESERVE:**

The Company is not required to create any reserve other than tonnage tax reserve, as Company is under Tonnage Tax Scheme of the Income Tax Act. In line with the requirement of Tonnage Tax Scheme, the Company has transferred Rs. Nil crores (PY Rs. 0.23 crores) to tonnage tax reserve.

### **DIVIDEND:**

Considering the liquidity position of the Company, Directors do not recommend any dividend for the year ended March 31, 2020.

### **DEPOSITORY SYSTEM:**

The Ministry vide its notification dated 10th September 2018, requires certain companies to facilitate dematerialization of all its existing securities and has mandated that the stake of promoters, directors and key managerial personnel should be held in demat form.

As on March 31, 2020, 60% of the Company's total paid up capital representing 95,311,850 no. of shares are in dematerialized form. Further, the Ministry has prohibited the physical transfer of securities. Hence, members holding shares in physical mode are advised to avail of the facility of dematerialization.

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

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

There is no material change and commitment 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 AND OUTGO:**

	As at 31.03.2020 (In INR Cr)	As at 31.03.2019 (In INR Cr)
<b><u>Foreign currency earnings:</u></b>		
Charter hire income	61.84	80.95
Sale of scrap	Nil	Nil
Other	33.73	27.09
<b>Total foreign currency earnings</b>	<b>95.57</b>	<b>108.03</b>
<b><u>Foreign currency expenditure:</u></b>		
Stores, spares and consumables	3.48	5.22
Operating expenses	32.64	30.01
Interest	7.74	8.49
Others	5.31	0.86
<b>Total foreign currency expenditure</b>	<b>49.17</b>	<b>44.58</b>

## **RISK MANAGEMENT POLICY**

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

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:**

The Company has validly constituted a CSR committee as per the provisions of Companies Act, 2013 and rules thereunder. The CSR Committee comprises of Ms. Savitrii Dadhich, Mr. Vivek Arora and Mr. Satish N. Palekar as Members.

The Corporate Social Responsibility Committee met twice in financial year 2019-20 on July 25, 2019 and January 14, 2020.

Detailed report on CSR is enclosed as Annexure 'C'.

## **DIRECTORS, KEY MANAGERIAL PERSONNEL AND APPOINTMENT/RESIGNATIONS DURING THE YEAR:**

### **A. Directors of the Company for the period under review -**

1. Mr. Reza Bin Abdul Rahim (Mr. Phanindhar Chivukula appointed as Alternate Director)
2. Mr. Vivek Arora
3. Mr. K. S. Balasubramanyam
4. Mr. Satish N. Palekar
5. Mr. Srivatsan Rajagopalan
6. Mr. C. S. Kole
7. Ms. Savitrii M. Dadhich
8. Mr. Ungku Suleiman

### **B. Directors appointed/resigned during the year:**

Mr. Satish Palekar and Mr. C. S. Kole retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

### **C. Key Managerial Personnel:**

The following are the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

- a) Mr. Bidyut Protap Dutta, Chief Executive Officer
- b) Ms. Neelu Chowdhary, Chief Financial Officer
- c) Mr. Rahul N. Sinnarkar, Company Secretary

There were no appointments/resignations during the year under review.

### **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. During the year under review four Board meetings were held which were on April 29, 2019; July 25, 2019; October 18, 2019 and January 14, 2020.

The Agenda of the Meetings are circulated to the Directors in advance as per the provisions of the Act. Minutes of Meetings of the Board of Directors were circulated amongst the Members of the Board for their perusal and comments.

### **VIGIL MECHANISM:**

In accordance with the requirements of the Companies Act, 2013, the company has voluntarily established a vigil mechanism framework for directors and employees to report genuine concerns. The said policy is also available on the website of the Company.

(Link: <http://www.lntsapura.com/company/vigil-mechanism-policy.aspx> )

### **COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:**

Company follows its ultimate parent, Larsen & Toubro Limited, 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.

### **DECLARATION OF INDEPENDENCE:**

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

### **DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- i) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) 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;
- iv) The Directors have prepared the Annual Accounts on a going concern basis; and
- v) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

### **ADEQUACY OF INTERNAL FINANCIAL CONTROLS:**

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5) (e) of the Companies Act, 2013. For the year ended March 31, 2020, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

### **PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:**

The Company has already instituted a process of formal annual evaluation of the performance of the Board, committees, its individual directors and chairperson. It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The inputs on the evaluation process given by majority of the directors were discussed in the meeting of the Independent Directors held on March 18, 2020 as per schedule IV of the Companies Act, 2013.

### **COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD MEETINGS AND GENERAL MEETINGS:**

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

### **MEETING OF THE INDEPENDENT DIRECTOR'S:**

The Meeting of the Independent Director's was held on March 18, 2020, without the presence of Executive Directors and Management Personnel. They reviewed the performance of Non-independent Directors and the Board as a whole and assessed the quality, quantity and timeliness of the flow of information between management and the Board.

### **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 FY 2019-20.

Presently the Company has Internal/Local Complaints Committees under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 consisting of appropriate balance of members.

**AUDITORS' REPORT AND REPORTING OF FRAUDS:**

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

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 Board had appointed Ms. Naina Desai, Practicing Company Secretary, as the Secretarial Auditor of the company under Section 204 of the Companies Act, 2013 for the Financial Year ended March 31, 2020.

The Secretarial Audit Report in Form MR-3 is attached as Annexure 'A'. The same does not contain any qualifications, reservations or comments.

**AUDITORS:**

M/s. Sharp & Tannan, Chartered Accountants (Firm's registration no. 109982W), shall complete their ten-year term at the conclusion of the ensuing Annual General Meeting.

New Statutory Auditors will be appointed by the shareholders in the ensuing Annual General meeting.

**EXTRACT OF ANNUAL RETURN:**

As per provision of Section 92(3) of the Companies Act, 2013, an extract of the annual return is attached as Annexure 'B'.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY 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.

**ACKNOWLEDGEMENT:**

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners.

**For and on behalf of the Board**

Sd/-  
**Director**  
**S.N. Palekar**  
*DIN: 07152099*

Sd/-  
**Director**  
**Phanindhar**  
**Chivukula**  
**(Alternate to Director**  
**- Mr. Reza Rahim)**  
*DIN: 07208150*

Date: May 08, 2020  
Place: Mumbai



**DRAFT  
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 SAPURA SHIPPING 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 Sapura Shipping 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, 2018 according to the provisions of:

- (i)** The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii)** The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii)** The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv)** Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v)** The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as applicable:-**
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, (Prohibition of Insider Trading) Regulations, 2015;**
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, **2018;**

- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently (Share Based Employee Benefits) Regulations, 2014;**
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, **2018;**

**(vi)** Other specific business/industry related laws are applicable to the company)

- The Merchant Shipping Act, 1958.
- The Foreign Exchange Management Act, 1999.
- The Foreign Trade (Development & Regulation) Act, 1992.

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

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

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

- (i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc. - **NIL**
- (ii) Redemption / buy-back of securities. - **NIL**
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013;
- (iv) Merger / amalgamation / reconstruction, etc.-**NIL**
- (v) Foreign technical collaborations.-**NIL**
- (vi) Any other Events – (Penalties, Prosecutions, if any- income tax related.)

Place: Mumbai

Date:

Sd/-  
**NAINA R DESAI**  
Practising Company Secretary  
FCS No. 1351  
Certificate of Practice No.13365

**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.**

To,

The Members

**L&T SAPURA SHIPPING 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.

Place: Mumbai

Date:

Sd/-

**NAINA R DESAI**

Practising Company Secretary

FCS No. 1351

Certificate of Practice No.13365

**ANNEXURE B: EXTRACT OF ANNUAL RETURN**

**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:**

i) CIN	U61100TN2010PTC077217
ii) Registration Date	2ND SEPTEMBER, 2010
iii) Name of the Company	L&T SAPURA SHIPPING PVT LTD
iv) Category	PRIVATE LIMITED
v) Sub-Category of the Company	JOINT VENTURE
vi) Address of the Registered office and contact details	MOUNT POONAMALLEE ROAD P.O. BOX 979, MANAPAKKAM, CHENNAI, TAMIL NADU, INDIA 600089. TEL: 022-6705 3461 EMAIL: rahul.sinnarkar@larsentoubro.com
vii) Whether listed company	NO
viii) Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited 4 <sup>th</sup> Floor, Trade World, A Wing, Times Tower, Kamala Mills Compound, Lower Parel, Mumbai, Maharashtra 400 013 Contact No.: 91-22-49142700

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Ship Owner and Charterer of Vessel	61100	100



ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)									
<b>Sub-total (B)(2):-</b>		-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)		-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
<b>Grand Total (A+B+C)</b>	6,35,41,233	9,53,11,850	15,88,53,083	100	6,35,41,233	9,53,11,850	15,88,53,083	100	NIL

**(ii) Shareholding of Promoters**

Sr. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the beginning of the year			% Change in the shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Hydrocarbon Engineering Limited	9,53,11,850	60%	-	9,53,11,850	60%	-	NIL
2	Sapura Nautical Power Pte Ltd	6,35,41,233	40%	-	6,35,41,233	40%	-	NIL
	<b>Total</b>	<b>15,88,53,083</b>	<b>100%</b>	<b>-</b>	<b>15,88,53,083</b>	<b>100%</b>	<b>-</b>	<b>NIL</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

There is no change in shareholding during the year.

**(iv) Shareholding Pattern of top ten Shareholders**

**(Other than Directors, Promoters and Holders of GDRs and ADRs):**

**NOT APPLICABLE**

**V. INDEBTEDNESS**

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

Amounts in Rs. Cr.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	-	-	-	-
i) Principal Amount	-	275.34	-	275.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	1.86	-	1.86
<b>Total (i + ii + iii)</b>	-	<b>277.20</b>	-	<b>277.20</b>
<b>Changes in Indebtedness during the financial year</b>	-		-	
Addition (due to FOREX fluctuation)	-	21.57	-	21.57
Interest for the year	-	7.17	-	7.17
Reduction	-	(32.77)	-	(32.77)
Net Change	-	<b>(4.08)</b>	-	<b>(4.08)</b>

<b>Indebtedness at the end of financial year</b>	-			
i) Principle Amount	-	268.17	-	268.17
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	4.95	-	4.95
<b>Total (i + ii + iii)</b>	-	<b>273.12</b>	-	<b>273.12</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **Not Applicable**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission -as % of profit - others, specify...		
5	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

### B. Remuneration to other directors:

(Amt. in Rs)

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
		Savitrii Dadhich	Ungku Suleiman	
1	Independent Directors			
	· Fee for attending board / committee meetings	1,10,000	120,000	2,30,000
	· Commission	0	0	0
	· Others, please specify	0	0	0
	<b>Total (1)</b>	<b>1,10,000</b>	<b>1,20,000</b>	<b>2,30,000</b>
2	Other Non-Executive Directors	NA	NA	NA
	· Fee for attending board / committee meetings	0	0	0
	· Commission	0	0	0
	· Others, please specify	0	0	0
	Total (2)	0	0	0
	<b>Total (B) = (1+2)</b>	<b>1,10,000</b>	<b>1,20,000</b>	<b>2,30,000</b>
	Total Managerial Remuneration	NA		NA
	Overall Ceiling as per the Act			



**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD – NOT APPLICABLE**

Sr. No.	Particulars of Remuneration	Name of Key Managerial Person & Designation	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NOT APPLICABLE	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission -as % of profit - others, specify...	NOT APPLICABLE	
5	Others, please specify		
	Total (A)		

**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)
<b>A. COMPANY</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					

## ANNEXURE C

### Annual Report on Corporate Social Responsibility (CSR) Activities

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

The Company is committed to discharging its Social Responsibility through:

- a. Promotion of social equity and partner with communities in Health care, education and skill-building
- b. Provide corporate sponsorship in support of Innovative and caring community programmes and service for deprived community groups.

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

- a. Education
- b. Skill building
- c. Health & Sanitation

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

**2. The Composition of the CSR Committee:**

Ms. Savitri M. Dadhich

Mr. Satish N. Palekar

Mr. Vivek Arora

**3. CSR Spend for FY 19-20:**

Particulars	Rs. in Cr.
Average Net Profit of the Company for the last three financial years	11.42
Amount to be spent as CSR	0.23
Amount Actually spent	0.23
Amount not spent	NIL

**4. Manner in which the amount spent during the financial year:**

Sr. No	Projects Identified	Sector	Area	Actual amount spent for FY 19-20
1	Guruji World Technologies Pvt Ltd	Education	Kanjurmarg	6,42,510/-
2	Cheshire Homes India	Education, Skill Building	Mumbai	17,15,360/-
3	Audit Charges	CSR/Admin Expenses	Corporate CSR	27,641/-
	<b>Grand Total</b>			<b>23,85,511/-</b>
	<b>Shortfall in spent</b>			<b>NIL</b>

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

The Company is committed to the corporate social responsibility and had identified the areas and organizations where the CSR amount was required to be spent. During FY 19-20 the Company was successful in spending the entire required/budgeted amount towards CSR.

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

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee, CSR team 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 & its Framework.

Sd/-

**Savitrii M. Dadhich**  
Independent Director- Member  
DIN:07147074

Sd/-

**Satish N. Palekar**  
Director- Member  
DIN: 07152099

**ANNEXURE D**

**FORM AOC-2**

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

Part A - Details of contracts or arrangements or transactions not at arm's length basis - **NIL**

Part B - Details of Material contracts or arrangements or transactions at arm's length basis

Name of Related Party	Nature of Relationship	Nature of the transaction/contract / arrangement	Duration	Salient terms	Value Rs. Cr.
L&T Hydrocarbon Engineering Limited	Immediate Parent	Lump sum Charter hire Agreement	2019-20	Payment monthly in 12 equal instalments	34.03

## INDEPENDENT AUDITOR'S REPORT

To the Members of L&T Sapura Shipping Private Limited

### Report on the audit of the financial statements

#### Opinion

We have audited the accompanying financial statements of L&T Sapura Shipping Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ("the financial statements").

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

#### Basis for opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ('the Act'). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India ('ICAI') together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

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

Key audit matter	How the matter was addressed in our audit
<b>Accident on board the Vessel</b>	
On 8 March 2020, there was an accident on board the Company's Vessel, involving an uncontrolled boom movement of the main crane causing the boom to collapse into the	We have been informed by the management of that the Company is in the process of estimating cost of repairs to the Vessel. The repair work could not be started immediately

<p>sea along with the jacket. Subsequently, the Vessel returned to port and was anchored in Mumbai. (refer note 3.14 to the financial statements)</p>	<p>after the accident on account of the lockdown (see note 3.15 to the financial statements). The Company has also commenced the process of lodging the claim with the insurance companies.</p> <p>We considered the appropriateness of disclosures in relation to the accident as detailed in note 3.14 to the financial statements.</p> <p>Based on the procedures performed we consider disclosure in relation to the accident to be fairly stated in the financial statements.</p>
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**Information other than the financial statements and auditor’s report thereon**

The Company’s Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the board’s report including annexures thereto and management discussion and analysis, but does not include the financial statements and our auditor’s report thereon.

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

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

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

**Management’s responsibility for the financial statements**

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to

liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in the aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the 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 misstatement in the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on other legal and regulatory requirements**

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the central government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 As required by section 143(3) of the Act, based on our audit we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flow dealt with by this report are in agreement with the relevant books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
  - (g) With respect to the matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act (as amended), we report that according to the information and explanation given to us and based on our examination of the records of the Company, the Company has not paid/ provided for any remuneration to the directors of the Company during the year; and
  - (h) With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to

us:

- i The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note 3.11 to the financial statements;
- ii the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – refer note 3.12 to the financial statements; and
- iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company– refer note 3.10 to the financial statements.

For Sharp & Tannan  
Chartered Accountants  
Firm's registration No.109982W

Mumbai, 8 May 2020

Firdosh D. Buchia  
Partner  
Membership no. 038332  
UDIN: 20038332AAAAJL3037



## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the program, certain fixed assets were physically verified during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification; and
- (c) The Company does not hold any immovable properties. Accordingly, paragraph 3(i) (c) of the Order is not applicable to the Company.
- (ii) According to the information and explanations given to us, the Company normally carries out inventory verification at the end of the year. However, verification was not carried out at the year-end on account of lockdown in the country owing to Covid – 19 pandemic.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion, and according to the information and explanations given to us, there are no loans, 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) In our opinion, and according to information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including, income tax, goods and service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of provident fund, duty of customs, employee's state insurance.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, goods and service tax, cess and other material statutory and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the particulars of income tax, value added tax, sales tax, service tax, duty of excise and duty of custom which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2020 are as under:

(Rs. in crores)

<b>Name of the statute</b>	<b>Nature of the disputed dues</b>	<b>Amount</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
The Income Tax Act, 1961	Dispute with regards to addition of tonnage income to book profit u/s 115JB.	6.33	Assessment Year 2016-17	CIT(A)

- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/ provided for managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Sharp & Tannan  
Chartered Accountants  
Firm's registration No.109982W

Mumbai, 8 May 2020

Firdosh D. Buchia  
Partner  
Membership no. 038332  
UDIN: 20038332AAAAJL3037

## **ANNEXURE ‘B’ TO THE INDEPENDENT AUDITOR’S REPORT**

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

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

We have audited the internal financial controls over financial reporting of L&T Sapura Shipping Private Limited (“the Company”) as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s responsibility for internal financial controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ responsibility**

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

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

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

### **Meaning of internal financial controls over financial reporting**

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

### **Inherent limitations of internal financial controls over financial reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the ICAI.

For Sharp & Tannan  
Chartered Accountants  
Firm's registration No.109982W

Mumbai, 8 May 2020

Firdosh D. Buchia  
Partner  
Membership no. 038332  
UDIN: 20038332AAAAJL3037

**L&T Sapura Shipping Private Limited**  
**Balance sheet as at March 31, 2020**

Particulars	Note	As at 31-03-2020		As at 31-03-2019	
		Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs
<b>ASSETS:</b>					
<b>Non-current assets</b>					
Property, plant and equipment	1		643.76		628.11
Intangible assets	1.1		0.05		0.07
					-
Long term loans and advances	2		0.15		
Other non-current assets	3		9.58		7.88
<b>Total Non Current Assets</b>			<b>653.54</b>		<b>636.06</b>
<b>Current assets</b>					
Inventories	4		35.37		32.27
<b>Financial Assets</b>					
Trade receivables	5	115.69		73.22	
Cash and cash equivalent	6	23.60		35.58	
Other financial assets	7	0.20		23.82	
			139.49		132.61
Other current assets	8		13.20		9.42
<b>Total Current Assets</b>			<b>188.06</b>		<b>174.31</b>
<b>TOTAL ASSETS</b>			<b>841.60</b>		<b>810.37</b>
<b>EQUITY AND LIABILITIES:</b>					
<b>EQUITY:</b>					
Equity Share Capital	9	158.85		158.85	
Other equity	10	368.94		342.36	
<b>Total Equity</b>			<b>527.79</b>		<b>501.21</b>
<b>LIABILITIES:</b>					
<b>Current liabilities</b>					
<b>Financial liabilities</b>					
Borrowings	11	273.12		277.20	
Trade payables	12	39.29		31.35	
			312.41		308.55
Other current liabilities	13		1.40		0.61
<b>Total Current Liabilities</b>			<b>313.81</b>		<b>309.16</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>841.60</b>		<b>810.37</b>

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

For and on behalf of the Board  
L&T Sapura Shipping Private Limited

Director

Director

**Firdosh D. Buchia**

Partner  
Membership No. 38332

Rahul Sinnarkar  
Company Secretary

Bidyut Dutta  
Chief Executive

Neelu Chowdhary  
Chief Financial Officer

Place : Mumbai  
Date:

Place: Mumbai

Place: Mumbai

Place: Mumbai

**L&T Sapura Shipping Private Limited**  
**Statement of profit and loss for the period ended March 31, 2020**

Particulars	Note no.	01-04-2019 to 31-03-2020		01-04-2018 to 31-03-2019	
		Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs
<b>REVENUE:</b>					
Revenue from operations	14		95.57		108.03
Other income	15		1.48		2.34
<b>Total Income</b>			97.05		110.37
<b>EXPENSES:</b>					
<b>Operating expenses:</b>	16				
Stores, spares and tools consumed		4.01		4.42	
Other operating expenses		41.91		38.86	
Finance costs	17		45.92		43.28
Depreciation, amortisation and obsolescence expenses			7.83		8.53
Other expenses	18		56.06		54.73
			6.31		2.69
<b>Total expenses</b>			116.12		109.23
<b>Profit / (loss) before tax</b>			(19.07)		1.14
Tax expenses:					
Current tax		0.31		0.48	
			0.31		0.48
<b>Profit for the period</b>			-19.38		0.66
<b>Other Comprehensive Income</b>					
Items that may be reclassified to Profit & loss					
Foreign currency translation reserves			45.96		28.81
<b>Total Other Comprehensive Income</b>			45.96		28.81
<b>Total Comprehensive Income for the period</b>			26.58		29.47
Basic earnings per equity share (Rs)			-1.22		0.04
Diluted earnings per equity share (Rs)			-1.22		0.04
Face value per equity share (Rs)			10.00		10
As per our report attached SHARP & TANNAN Chartered Accountants Firm's Registration No. 109982W by the hand of		For and on behalf of Board L&T Sapura Shipping Private Limited			
		Director		Director	
<b>Firdosh D. Buchia</b> Partner Membership No. 38332	Rahul Sinnarkar Company Secretary	Bidyut Dutta Chief Executive	Neelu Chowdhary Chief Financial Officer		
Place : Mumbai Date:	Place : Mumbai	Place: Mumbai	Place: Mumbai		

**L&T SAPURA SHIPPING PRIVATE LIMITED**

Statement of changes in Equity

**EQUITY SHARE CAPITAL**

	Balance as at 01-04-2018	Changes during the year 2017-18	Balance as at 31-03-2019	Changes during the year March 2020	Balance as at 31-03-2020
Equity shares of Rs. 10 each	158.85	-	158.85	-	158.85
	<b>158.85</b>	<b>-</b>	<b>158.85</b>	<b>-</b>	<b>158.85</b>

**OTHER EQUITY**

Particulars	Tonnage Tax Reserve	Profit & Loss Account	Foreign Currency Translation Reserve	Total
	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs
<b>Balance as at 01-04-2018</b>	22.73	199.19	90.97	<b>312.89</b>
Profit for the year	-	0.66	-	<b>0.66</b>
Other Comprehensive Income	-	-	28.81	<b>28.81</b>
Appropriations	0.23	(0.23)	-	-
<b>Balance as at 31-03-2019</b>	<b>22.96</b>	<b>199.62</b>	<b>119.78</b>	<b>342.36</b>
Profit/(Loss) for the year March 2020	-	(19.38)	-	<b>(19.38)</b>
Other Comprehensive Income	-	-	45.96	<b>45.96</b>
Appropriations	-	-	-	-
<b>Balance as at 31-03-2020</b>	<b>22.96</b>	<b>180.24</b>	<b>165.74</b>	<b>368.94</b>

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

For and on behalf of Board  
L&T Sapura Shipping Private Limited

Director

Director

Firdosh D. Buchia  
Partner  
Membership No. 38332

Rahul Sinnarkar  
Company Secretary

Bidyut Dutta  
Chief Executive

Neelu Chowdhary  
Chief Financial Officer

Place : Mumbai

Place : Mumbai

Place : Mumbai

Place : Mumbai

Date:



**L&T SAPURA SHIPPING PRIVATE LIMITED**  
**Cash Flow Statement for the year ended March 31, 2020**

	Particulars		01-04-2019 to 31-03-2020	01-04-2018 to 31-03-2019
			Rs	Rs
I.	<b>Cash flow from operating activities</b>			
	Profit/(loss) before tax		(19.07)	1.14
	Adjustments for:			
	Depreciation		59.79	54.73
	Unrealised Gain / (Loss) on foreign currency translation		(1.26)	-0.40
	Allowances for doubtful debts		2.83	-2.31
	Finance Cost		7.83	8.53
	Interest received		(1.05)	(2.34)
	<b>Operating profit before working capital changes</b>		<b>49.07</b>	<b>59.34</b>
	(Increase) / decrease in trade receivable		(38.40)	105.25
	(Increase) / decrease in short term loans and advances		23.07	(28.80)
	(Increase) / decrease in inventory		(0.06)	(7.32)
	(Increase) / decrease in long term loans and advances		2.27	6.36
	Increase / (decrease) trade payables		5.23	(42.59)
	Increase / (Decrease) Short-term provisions			
	<b>Cash (used in) / generated from operations</b>		<b>41.18</b>	<b>92.24</b>
	Direct taxes refund/ (paid) net		(3.22)	(2.56)
	<b>Net cash (used in) / from operations activities</b>	[ A ]	<b>37.96</b>	<b>89.69</b>
II.	<b>Cash flow from investing activities</b>			
	Purchase of fixed assets		(16.40)	(0.15)
	Interest received		0.95	2.34
	<b>Net cash flow (used in) / from investing activities</b>	[ B ]	<b>-15.45</b>	<b>2.19</b>
III.	<b>Cash flow from financing activities</b>			
	Repayment of long term borrowing		(33.11)	-47.55
	Interest paid on term loan		(4.74)	(13.02)
	<b>Net cash flow (used in) /from financing activities</b>	[ C ]	<b>(37.85)</b>	<b>(60.57)</b>
	Net (decrease)/Increase in cash & cash equivalents	[ A+B+C ]	(15.34)	31.31
	Cash & cash equivalents at beginning of the year		35.58	4.03
	Unrealised gain/(loss) on cash and cash equivalents		3.36	0.25
	Cash & cash equivalents at end of the year		23.60	35.58

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" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Cash & cash equivalents are reflected in the balance sheet as follows:

	2019-20	2018-19
a) Cash & cash equivalents disclosed under current assets [Note no. 6]	23.60	35.58
b) Cash & cash equivalents disclosed under non current assets [Note no.2]	-	-
	<b>23.60</b>	<b>35.58</b>
- Direct Taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- Previous year's figures have been regrouped/reclassified wherever applicable.
- Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

As per our report attached  
SHARP & TANNAN  
Chartered Accountants  
Firm's registration no. 109982 W

For and on behalf of the Board

Firdosh D. Buchia  
Partner  
Memmbership no.38332  
Place:  
Date :

Director

Rahul Sinnarkar  
Company Secretary  
Place:  
Date :

Director

Bidyut Dutta  
Chief Executive

Neelu Chowdhary  
Chief Financial Officer

NOTES FORMING PART OF ACCOUNTS

1 Property, Plant and Equipment

Particulars	Gross Block				Accumulated Depreciation					Net Block	
	As at 01-04-2019	Additions during the year	Disposal of Assets	As at 31-03-2020	As at 01-04-2019	Depreciation charge for the year	Adjustments for conversion	Disposal of Assets	As at 31-03-2020	As at 31-03-2020	As at 31-03-2019
	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs
Ship	1,177.98	-	-	1,177.98	490.91	55.23	3.67	-	549.81	628.17	627.92
Dry dock	-	15.78	-	15.78	-	0.74	0.05	-	0.79	14.99	-
Equipments on Board	47.63	0.42	-	48.05	47.44	0.06	0.00	-	47.50	0.55	0.17
Computers	0.20	0.03	-	0.23	0.20	0.00	0.00	-	0.20	0.03	0.01
Furniture & Fixtures	0.05	-	-	0.05	0.04	0.01	0.00	-	0.05	0.00	0.01
Office Equipment's	0.04	0.02	-	0.06	0.04	0.00	0.00	-	0.04	0.02	0.00
Electrical Installations	0.03	-	-	0.03	0.02	0.00	0.00	-	0.03	0.00	0.00
<b>Total</b>	<b>1,225.93</b>	<b>16.25</b>	<b>-</b>	<b>1,242.18</b>	<b>538.65</b>	<b>56.04</b>	<b>3.73</b>	<b>-</b>	<b>598.42</b>	<b>643.76</b>	<b>628.11</b>

  

Particulars	Gross Block				Accumulated Depreciation					Net Block	
	As at 01-04-2018	Additions during the year	Disposal of Assets	As at 31-03-2019	As at 01-04-2018	Depreciation charge	Adjustments for conversion	Disposal of Assets	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018
	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs
Ship	1,076.56	-	-	1,076.56	394.82	54.20	-0.37	-	448.64	627.92	642.51
Equipments on Board	43.41	0.15	-0.03	43.56	42.89	0.50	-	-0.03	43.39	0.17	0.45
Computers	0.18	-	-	0.18	0.16	0.01	-	-	0.17	0.01	0.06
Furniture & Fixtures	0.05	-	-	0.05	0.04	-	-	-	0.04	0.01	-
Office Equipment's	0.03	-	-	0.03	0.03	-	-	-	0.03	-	0.01
Electrical Installations	0.03	-	-	0.03	0.02	-	-	-	0.02	-	0.01
<b>Total</b>	<b>1,120.26</b>	<b>0.15</b>	<b>-0.03</b>	<b>1,120.41</b>	<b>437.97</b>	<b>54.71</b>	<b>-0.37</b>	<b>-0.03</b>	<b>492.30</b>	<b>628.11</b>	<b>643.02</b>

1.1 Intangible Assets

Particulars	Gross Block				Accumulated Depreciation					Net Block	
	As at 01-04-2019	Additions during the year	Disposal of Assets	As at 31-03-2020	As at 01-04-2019	Depreciation charge for the quarter	Adjustments for conversion	Disposal of Assets	As at 31-03-2020	As at 31-03-2020	As at 31-03-2018
	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs
Software	0.12	-	-	0.12	0.05	0.02	0.00	-	0.07	0.05	0.07
<b>Total</b>	<b>0.12</b>	<b>-</b>	<b>-</b>	<b>0.12</b>	<b>0.05</b>	<b>0.02</b>	<b>0.00</b>	<b>-</b>	<b>0.07</b>	<b>0.05</b>	<b>0.07</b>

  

Particulars	Gross Block				Accumulated Depreciation					Net Block	
	As at 01-04-2018	Additions during the year	Disposal of Assets	As at 31-03-2019	As at 01-04-2018	Depreciation charge for the quarter	Adjustments for conversion	Disposal of Assets	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018
	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs	Rs in Crs
Software	0.11	-	-	0.11	0.02	0.02	-0.00	-	0.04	0.07	0.08

**NOTES FORMING PART OF ACCOUNTS**

**2 Long term loans and advances**

		<b>As at 31-03-2020</b>		<b>As at 31.03.2019</b>
		Rs in Crs		Rs in Crs
Capital advance		0.15		-
		<b>0.15</b>		

**3 Other Non Current Assets**

		<b>As at 31-03-2020</b>		<b>As at 31.03.2019</b>
		Rs in Crs		Rs in Crs
<b>Long term advances receivable</b>				
Service tax refund receivable		0.74		0.67
GST receivable		-		1.29
IncomeTax Prior Years		4.81		2.95
Income Tax Current years		2.49		1.44
Other Receivables		1.54		1.53
		<b>9.58</b>		<b>7.88</b>

NOTES FORMING PART OF ACCOUNTS

4 Inventories

		As at		As at
		31-03-2020		31.03.2019
		Rs in Crs	Rs in Crs	
Inventory-spares, consumables		35.37		32.27
<b>Total</b>		<b>35.37</b>		<b>32.27</b>

5 Trade Receivables

		As at		As at
		31-03-2020		31.03.2019
		Rs in Crs	Rs in Crs	
<b>Considered good - Unecured</b>				
Sapura Offshore Sdn Bhd		62.77		-
L & T Hydrocarbon Engineering Ltd		55.95		73.22
Estimated Credit Loss		-3.03		
<b>Total</b>		<b>115.69</b>		<b>73.22</b>

6 Cash and Bank Balances

		As at		As at
		31-03-2020		31.03.2019
		Rs in Crs	Rs in Crs	
<b>Cash &amp; Cash equivalents</b>				
Balances with Bank Current Accounts		3.89		0.31
Cash on hand		0.03		0.02
Fixed Deposit		19.68		35.25
<b>Total</b>		<b>23.60</b>		<b>35.58</b>

7 Current - Other financial assets

		As at		As at
		31-03-2020		31.03.2019
		Rs	Rs	
Interest accrued on FD		0.01		0.10
Security deposit		0.19		0.38
Other receivables		-		23.34
<b>Total</b>		<b>0.20</b>		<b>23.82</b>

8 Other Current Assets

		As at		As at
		31-03-2020		31.03.2019
		Rs in Crs	Rs in Crs	
Balance with government authorities		10.96		8.53
<u>Others:</u>				
Advances to Suppliers	0.93		0.07	
Prepaid Insurance	1.25		0.77	
Prepaid Expenses	0.06		0.05	
		2.24		0.89
<b>Total</b>		<b>13.20</b>		<b>9.43</b>

**NOTES FORMING PART OF ACCOUNTS**

	As at 31-03-2020		As at 31.03.2019	
<b>9 Equity Share Capital</b>				
<b>Authorised</b>	<b>Numbers of shares</b>	<b>Rs in Crs</b>	<b>Numbers of shares</b>	<b>Rs in Crs</b>
Authorised Equity Share Capital	158853083	158.85	15,88,53,083.00	158.85
Issued	15,88,53,083	158.85	15,88,53,083	158.85
Subscribed and fully Paid up Equity Share Capital	15,88,53,083	158.85	15,88,53,083	158.85

**Reconciliation of equity shares:**

Particulars	01-04-2019 to 31-03-2020		01-04-2018 to 31-03-2019	
	Numbers of shares	Rs in Crs	Numbers of shares	Rs in Crs
<b>Subscribed and fully paid up at the beginning of the year</b>	15,88,53,083	158.85	15,88,53,083	158.85
<b>Add:</b> Equity shares issued during the year	-	-	-	-
<b>Subscribed &amp; fully paid up at the end of the year</b>	<b>15,88,53,083</b>	<b>158.85</b>	<b>15,88,53,083</b>	<b>158.85</b>

**Shareholders holding more than 5% of equity shares as at the end of the year**

Name of the shareholder	As at 31-03-2020		As at 31.03.2019	
	Numbers of shares	Shareholding %	Numbers of shares	Shareholding %
L&T Hydrocarbon Engineering Ltd (Holding Company)	9,53,11,850	60%	9,53,11,850	60%
Sapura Nautical Power Pte Ltd (100% subsidiary of Sapura Energy Berhad)	6,35,41,233	40%	6,35,41,233	40%
	<b>15,88,53,083</b>	<b>100%</b>	<b>15,88,53,083</b>	<b>100%</b>

\*(i) for the period of five years immediately preceding the date at which the Balance Sheet is prepared there are no shares allotted as fully paid up pursuant to contract without payment being received in cash, no shares allotted as fully paid up by way of bonus shares; and no shares bought back by the Company.

## NOTES FORMING PART OF ACCOUNTS

### 10 Other Equity

Particulars	As at 31-03-2020	As at 31.03.2019
	Rs in Crs	Rs in Crs
Tonnage Tax Reserve	22.96	22.96
Profit & Loss Account	180.24	199.62
Foreign Currency Transalation Reserve	165.74	119.78
<b>Total</b>	<b>368.94</b>	<b>342.36</b>

**11 Current - Borrowings****11 Unsecured Loans**

<b>Particulars</b>	<b>As at 31-03-2020</b>	<b>As at 31.03.2019</b>
	<b>Rs in Crs</b>	<b>Rs in Crs</b>
<b>Unsecured Loans</b>		
L&T Hydrocarbon Engineering Limited	160.90	164.77
Nautical Power Pte Ltd	107.27	110.57
Interest accrued	4.95	1.86
<b>Total</b>	<b>273.12</b>	<b>277.20</b>

**11.1 Details of shareholders loan**

<b>Nature</b>	<b>Amount</b>	<b>Rate of interest</b>	<b>Terms of repayment of term loan</b>
Short term loan taken from Shareholders	273.12	3%, fixed	Repayble by 29th June 2020.

**NOTES FORMING PART OF ACCOUNTS**

**Financial Liabilities**

**12 Current - Trade payables**

<u>Particulars</u>		As at		As At
		31-03-2020		31.03.2019
		Rs in Crs		Rs in Crs
<b>Due to related parties</b>				
Larsen & Toubro Limited	0.11		0.26	
L&T Hydrocarbon Engineering Limited	3.58		1.33	
TL Offshore Sdn Bhd	0.13	3.82	0.12	1.71
<b>Due to Others</b>				
Liability for Revenue Goods	5.37		2.31	
Suppliers Ledger - Revenue goods / services	21.51		10.14	
Liability for Services	8.59	35.47	17.19	29.64
		<b>39.29</b>		<b>31.35</b>

**13 Other Current Liabilities**

<u>Particulars</u>		As at		As At
		31-03-2020		31.03.2019
		Rs in Crs		Rs in Crs
<b>Other Payables</b>				
TDS payable		0.92		0.61
GST Payable		0.48		-
<b>Total</b>		<b>1.40</b>		<b>0.61</b>



**NOTES FORMING PART OF ACCOUNTS**

**14 Revenue from operations**

		<b>01-04-2019 to 31-03-2020</b>		<b>01-04-2018 to 31-03-2019</b>
		Rs in Crs		Rs in Crs
<b><u>Sale &amp; Services:</u></b>				
Charter hire income		61.84		80.95
<b><u>Other Operational Revenue</u></b>			-	
Miscellaneous Income	33.73	33.73	27.09	27.09
<b>Total</b>		<b>95.57</b>		<b>108.03</b>

**15 Other Income**

		<b>01-04-2019 to 31-03-2020</b>		<b>01-04-2018 to 31-03-2019</b>
		Rs in Crs		Rs in Crs
Interest on Fixed Deposit		1.05		2.34
Interest on Deposit with Customs		0.43		-
<b>Total</b>		<b>1.48</b>		<b>2.34</b>

**NOTES FORMING PART OF ACCOUNTS**

**16 Operating Expenses**

	<b>01-04-2019 to 31-03-2020</b>	<b>01-04-2018 to 31-03-2019</b>
	Rs in Crs	Rs in Crs
<b>Stores and Spares &amp; Consumables</b>	4.01	4.42
		-
<b>Other operating expenses:</b>		
Fuel Cost	3.71	0.55
Engineering, Technical & inspection charges	3.08	2.62
Insurance - LTS 3000	2.75	2.58
General Repairs & Maintenance	-	-
Crew Wages & Related Expenses	26.60	27.53
Weather Forecast, Communication, Survey Cost	0.30	0.21
Deputation Cost	4.02	4.06
Catering, House Keeping & Disposal Cost	1.30	1.62
Books & Periodicals	0.15	0.05
Other Rates and Taxes	0.00	0.02
Other Expenses	-	-0.38
	41.91	38.86
<b>Total</b>	<b>45.92</b>	<b>43.28</b>

**17 Finance cost**

	<b>01-04-2019 to 31-03-2020</b>	<b>01-04-2018 to 31-03-2019</b>
	Rs in Crs	Rs in Crs
Interest Paid on Term Loans from Banks	7.79	8.50
Interest Others	0.03	0.02
Borrowing Cost Ancillary	0.01	0.01
<b>Total</b>	<b>7.83</b>	<b>8.53</b>

**18 Other Expenses**

	<b>01-04-2019 to 31-03-2020</b>	<b>01-04-2018 to 31-03-2019</b>
	Rs in Crs	Rs in Crs
Audit Fees	0.02	0.02
Corporate Social Responsibility Expenses	0.24	0.38
Bank Charges	0.06	0.09
Computer Software	0.00	-
Subscription & Membership Fees	0.15	0.16
Overhead Charges by Parent Company	0.45	0.19
Other Expenses	0.07	0.41
Printing & Stationary	0.00	0.01
Telephone Postage & Telegrams	0.01	0.02
Travelling & Conveyance	-	0.01
Rates & Taxes	-	-
Rent - Office Premises	0.52	0.89
Director sitting fees	0.02	0.02
Professional & Consultancy Charges	0.27	0.38
Exchange Gain & loss Others	1.67	2.41
Expected Credit Loss provision	2.83	-2.31
<b>Total</b>	<b>6.31</b>	<b>2.68</b>

## **L&T Sapura Shipping Private Limited**

### **1. General Information:**

L&T Sapura Shipping Private Limited (LTSSPL) is a joint venture between L&T Hydrocarbon Engineering Limited (LTHE) and Sapura Energy Berhad, Malaysia (Sapura) who has invested through its wholly owned subsidiary Nautical Power Pte Limited, Singapore (Nautical). LTHE holds 60% of the share capital and Nautical holds 40%. The registered office of the Company is at Mount Poonamallee Road, P.O. Box. No.979, Manapakkam, Chennai 600089.

The Company owns and operates a Heavy Lift cum Pipe Lay Vessel (HLPV) which is used for installation of offshore platforms and laying of pipes and cables under the sea for the Hydrocarbon Upstream Industry.

### **2. Significant accounting policies**

#### **2.1. Statement of compliance**

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with sub-section (1) of section 210A of the Companies Act, 1956 (1 of 1956). In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

These financial statements have been approved for issue by the Board of Directors at their meeting held on May 08, 2020

#### **2.2. Key sources of estimation:**

The preparation of financial statements in conformity with Ind AS requires that management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as on the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets and allowance for doubtful debts/advances. Differences, if any, between the actual results and estimates are recognised in the period in which the results are known.

#### **2.3. Presentation of financial statements**

The balance sheet and the statement of profit and loss are prepared and presented in the format prescribed in the schedule III to the Companies Act, 2013 ("the Act"). The statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the balance sheet and statement of profit and loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

#### **2.4. Operating cycle for current and non-current classification**

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

## 2.5 Revenue recognition

- The Company earns revenue by chartering out the vessel on time charter basis. The revenue under time charter is recognized based on the terms of the charter party agreement.
- Interest income is recognized at applicable rates on the fixed deposit with banks on accrual basis.
- Other items of income are accounted as and when the right to receive arises.

## 2.6 Foreign currencies

The functional currency of the Company is United States Dollar. The Company is in business of operating a specialised vessel. Its revenue and major items of costs are denominated in United States Dollars. Accordingly, the Company uses United States Dollar as its functional currency.

The presentation currency of the Company is Indian Rupee as the company is an Indian Company and has compliance requirements in India.

Company converts the balance sheet items from functional currency to presentation currency at the closing spot rate date except for share capital and statutory reserves. Items of profit and loss account are translated to presentation currency at the average rates. The resulting exchange differences are accounted in other comprehensive income and accumulated in equity as foreign currency translation reserve.

### Transactions and translations

The balances in foreign currencies are translated into the functional currency at the rate prevailing on the transaction date.

Transaction gains or losses realized upon settlement of foreign currency transactions are accounted in the statement of profit and loss.

## 2.7 Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Ship	20 years
Equipment on board	5 years
Office equipment	5 years
Computers	3 years
Furniture and fixtures	10 years
Electrical installations	10 years

Depreciation is provided in the accounts based on useful life of assets as per schedule II of the Companies Act, 2013.

Depreciation for additions to / deductions is calculated pro rata from / to the month of additions / deductions. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful

life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis. Company carries out dry dock of its vessel once in five years. All the expenses pertaining to the dry dock activities in dry docking period are capitalised and depreciated over a period of 5 years as per IND AS 16.

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

## **2.8 Intangible assets and amortization**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. The intangible asset owned by Company consists of an accounting software and the estimated useful life for the same is 6 years.

## **2.9 Impairment of assets**

### **i. Impairment of financial assets**

The Company applies a separate model of the expected credit loss, which involves use of a provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 for recognizing impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial assets, as follows:

- Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.
- The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

### **ii. Impairment of non financial assets**

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

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

amount. Recoverable amount is determined at the higher of the net selling price and the value in use.

## **2.10 Financial instruments**

Financial assets and/or financial liabilities are recognised when the entity becomes party to a contract embodying the related financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the assets or liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The financial assets and financial liabilities are offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

### **2.11.1 Financial assets**

#### **i. Classification of financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### **ii. Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement being recognised in profit or loss.

Financial assets are derecognized when:

- a. the right to receive cash flows from the asset has expired, or
  - b. 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
- the Company has transferred substantially all the risks and rewards of the asset, or
  - the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the consideration received is recognised in profit or loss.

### **2.11.2 Financial liabilities**

Financial liabilities, which are designated for measurement at FVTPL are subsequently measured at fair value. All other financial liabilities including loans and borrowings are measured at amortised cost.

A financial liability is derecognised when the related obligation expires or is discharged or cancelled.

## **2.12 Inventories**

Inventories of stores, spares and consumables are valued, at the lower of weighted average cost or net realizable value.

### **2.13 Cash and bank balances**

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, cash at bank and demand deposits with banks.

### **2.14 Borrowing costs**

Borrowing costs include interest expense calculated using the effective interest method

### **2.15 Taxes on income**

Tax on income for the current period is determined as per Tonnage Tax Scheme of Income –tax Act 1961, and based on the expected outcome of assessments / appeals.

### **2.16 Provisions, contingent liabilities and contingent assets**

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

- A) the Company has a present obligation as a result of a past event,
- B) a probable outflow of resources is expected to settle the obligation and
- C) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- A) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation
- B) a present obligation arising from past events when no reliable estimate is possible;

Contingent assets are neither recognised nor disclosed.

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

### **2.17 Cash flow statement**

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

- i. transactions of a non-cash nature;
- ii. any deferrals or accruals of past or future operating cash receipts or payments; and
- iii. items of income or expense associated with investing or financing cash flows

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

### **2.18 Earnings per equity share**

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

### **2.19 Events after the reporting date**

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

disclosed.

### 3. Notes to the standalone financial statements for the year ended March 31, 2020

#### 3.1 Financial Instruments by category:

(Rs in Crs)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Measured at amortised cost</b>		
Financial assets		
Trade receivables	115.69	73.22
Cash and cash equivalent	23.60	35.58
Other financial assets	0.20	23.82
<b>Total financial assets</b>	<b>139.49</b>	<b>132.62</b>
Financial liabilities		
Borrowings	273.12	277.20
Trade payables	39.29	31.35
<b>Total financial liabilities</b>	<b>312.41</b>	<b>308.55</b>

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables are considered to be the same as their fair values due to their short term nature. The carrying amounts of borrowings taken for short term are considered to be close to the fair value. Items of Income, expenses, gains or losses related to financial instruments:

(Rs in Crs)

Particulars	2019-20	2018-19
Net gains /(losses) on financial assets and financial Liabilities measured at fair value through profit or loss and amortised cost		
Financial assets measured at amortised cost:		
(ii) (allowance)/reversal for ECL during the year		2.31
(iii) Exchange difference gains/(losses) on revaluation or settlement of items denominated in foreign currency (trade receivables, loans given etc.)	(2.83)	(2.41)
	(1.67)	
<b>Total</b>	<b>(4.50)</b>	<b>(0.10)</b>

#### Financial risk management

##### Financial risk factors

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, liquidity and credit risk.

##### (i) Foreign currency risk

The Company operates in an environment wherein a major portion of the business is transacted in USD and therefore USD is the functional currency of the Company. There is very minimal foreign exchange risk to which Company is exposed.

The following table analyzes foreign currency risk with respect to INR from financial instruments as of



March 31, 2020 and March 31, 2019:

(Rs in Crs)

Particulars	March 31, 2020	March 31, 2019
<b>Financial assets</b>		
Cash and cash equivalent (only INR portion)	1.16	24.17
Other financial assets- current	0.19	23.82
<b>Total financial assets</b>	<b>1.35</b>	<b>47.99</b>
<b>Financial liabilities</b>		
Trade payables (only INR portion)	<b>25.11</b>	<b>13.81</b>

5% appreciation/depreciation of INR with respect to functional currency of the Company would result in decrease/increase in the Company's net income before tax by approximately Rs. 1,18,77,361 for the year ended March 31, 2020.

5% appreciation/depreciation of INR with respect to functional currency of the Company would result in decrease/increase in the Company's net income before tax by approximately Rs. 54,18,517 for the year ended March 31, 2019.

(i) **(b) Interest rate risk**

The Company does not have any interest rate risks since the loan taken from shareholders is at a fixed interest rate.

(ii) **Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. However, Company has limited counter party risk as entire trade receivable is from joint venture partners and their group entities.

The Company has only two customers being joint venture partners and their group entities. Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

(iii) **Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company had initially taken loan from BNP Paribas, for purchase of vessel. In June 2017, the Company refinanced the said loan through loan from shareholders. As on balance sheet date, there is a liquidity risk to the Company as the share-holders loan obligation is due within a year and the Company's cash and cash equivalents as well as cash flow from operations are not sufficient to meet debt obligations. However, Company is confident it will meet its obligations as the loan is from shareholders and it will eventually either be rolled over, or refinanced through external borrowing.

The table below provides details regarding the contractual maturities of significant financial Liabilities as of March 31, 2020:

(Rs. in Crs)Particulars	Less than 1 year	More than 1 year
Borrowings	273.12	-
Trade payables	39.29	-
<b>Total</b>	<b>312.41</b>	-

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2019:

(Rs. in Crs)

Particulars	Less than 1 year	More than 1 year
Borrowings	277.21	-
Trade payables	31.35	-
<b>Total</b>	<b>308.56</b>	-

3.2 The Company operates only in one segment and hence operating segment disclosure is not applicable. Revenue contributed by Sapura Offshore Sdn Bhd is 60% of the total operating turnover.

3.3 Disclosures pursuant to Indian Accounting Standard (Ind AS) 12 "Income Taxes":  
Company is registered under Tonnage Tax Scheme which is a presumptive tax based scheme and hence the reconciliation of income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is not applicable.

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

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

L&T Hydrocarbon Engineering Limited	Joint Venture Partner
Nautical Power Pte Ltd	Joint Venture Partner
Larsen & Toubro Limited	Holding Company of Joint venture partner
Sapura Offshore Sdn Bhd	Associate of Joint Venture Partner
Sapura Deepwater Pte Ltd.	Associate of Joint Venture Partner

3.4.2 Disclosure of related party transactions:

(Rs. in Crs)

Particulars	2019-20	2018-19
<b>Deputation charges, rent and overhead recoveries</b>		
L&T Hydrocarbon Engineering Limited	6.19	4.49
Larsen & Toubro Limited	0.44	0.82
Sapura Offshore Sdn Bhd	-	1.70
<b>Sale of services</b>	<b>2019-20</b>	<b>2018-19</b>
Sapura Offshore Sdn Bhd	57.96	3.48
L&T Hydrocarbon Engineering Limited	37.61	87.60

3.4.3 Amount due to/from related parties:

(Rs. in Crs)

Particulars	As at 31.03.2020	As at 31.03.2020
<b>Accounts receivable</b>		
Sapura Offshore Sdn Bhd	62.77	-
L&T Hydrocarbon Engineering Limited	55.95	73.22
Estimated Credit Loss	(3.03)	-
<b>Accounts payable</b>		
L&T Hydrocarbon Engineering Limited	3.58	1.33
Larsen & Toubro Ltd.	0.11	0.26

TL Offshore Sdn Bhd.	0.13	0.12
<b>Loan payable to shareholders (including interest</b>		
L&T Hydrocarbon Engineering Limited	163.87	165.89
Sapura Nautical Power Pte Ltd	109.25	111.31

3.4.4 Details of remuneration paid/payable to non -executive directors: (Amt in Rs. Crs)

Name	Sitting fees for Board meetings	Sitting fees for committee meetings	Total
Mr. Ungku Suleiman	0.012	-	0.012
Ms. Savitri Dadhich	0.009	0.002	0.011

3.5 Disclosure pursuant to Indian Accounting Standard (Ind AS) 1 "Presentation of financial Statements"

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

Particulars	As at 31.3.2020			As at 31.3.2019		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Trade receivable	115.69	-	115.69	73.22	-	73.22
Cash and cash equivalent	23.60	-	23.60	35.59	-	35.59
Other financial assets	0.20	-	0.20	23.82	-	23.82
Other current assets	13.20	-	13.20	9.42	-	9.42
Inventories	1.13	34.24	35.37	26.86	5.41	32.27

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

Particulars	As at 31.3.2020			As at 31.3.2019		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Borrowings	273.12	-	273.12	277.20	-	277.21
Trade payables	39.29	-	39.29	31.35	-	31.35
Other current liabilities	1.40	-	1.40	0.61	-	0.61

3.6 Auditor's remuneration and expenses charged to accounts:

(Rs in Crs)

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory audit	0.011	0.011
Tax audit	0.002	0.002
Certification	0.004	0.004
<b>Total</b>	<b>0.017</b>	<b>0.017</b>

3.7 Amount required to be spent by the Company on corporate social responsibility (CSR) related activities during the year is Rs. 0.24(previous year: Rs. 0.38). The amount recognized as expense in the statement of profit and loss on CSR activities is Rs 0.24 (previous year: Rs. 0.38).

(Rs. in Crs)

2019-20			2018-19		
In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
0.24	-	0.24	0.38	-	0.38

3.8 Basic and diluted earnings per share (EPS) calculated in accordance with Accounting Standard 20- "Earnings per share"

(Rs. in Crs)

Particulars	2019-20	2018-19
<b>Basic and diluted:</b>		
Profit after tax	(19.38)	0.66
Weighted average number of shares outstanding	15.88	15.88
Basic and diluted EPS. (in Rs.)	(1.22)	0.04

3.9 There have been no transactions during the period with Micro, Small and Medium enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006.

Note: 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.

3.10 There are no amounts which are required to be transferred to the Investor Education and Protection fund by the Company.

3.11 There are no pending litigations having impact on the financial position of the Company as on balance sheet date.

3.12 The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses.

3.13 Tonnage tax

The Company pays its income tax as per the tonnage tax scheme ('the scheme') of the Income-tax Act, 1961. The Company has obtained professional advice that it continues to be covered by the scheme and has calculated its income tax liability accordingly.

3.14 Accident on board the Vessel

On 8 March 2020, there was an accident on board the Company's Vessel, involving an uncontrolled boom movement of the main crane causing the boom to collapse into the sea along with the jacket. Subsequently, the Vessel returned to port and was anchored in Mumbai. The Company is in the process of

estimating cost of repairs to the Vessel. The repair work could not be started immediately after the accident on account of the lockdown (see note 3.15 below). The Company has also commenced the process of lodging the claim with the insurance companies.

3.15 Impact of Covid-19

The Company's operations were not affected on account of Covid-19, except for the administrative functions, which were affected to some extent because of the lock-down in India. The impact of Covid 19 on the operations will be miniscule in FY 2020-2021 as the significant portion of the year will be spent on repair work (see note 3.14 above).

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

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As per our report attached

Sharp & Tannan

Chartered Accountants

Firm's registration no.109982W

For and on behalf of the board

Director

Director

Firdosh D. Buchia

Partner

Membership no.38332

Place:

Date:

Rahul Sinnarkar  
Company Secretary

Place:

Date:

Bidyut Dutta  
Chief Executive

Neelu Chowdhary  
CFO