Notes to the Standalone Financial Statements

for the year ended 31 March 2020

Corporate Information

JMC Projects (India) Limited ("the Company") was incorporated under the provision of the Companies Act, applicable in India on 5 June 1986. The Company is a public limited company incorporated and domiciled in India and has its registered office at A-104, Shapath, S.G.Road, Ahmedabad, Gujarat.

The equity shares of the Company are listed on Bombay Stock Exchange of India Limited (BSE) and National Stock Exchange of India Limited (NSE).

The company is primarily engaged in Engineering, Procurement and Construction (EPC) business.

1 Basis of preparation and measurement

(a) Statement of compliance

These Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the Section 133 of the Companies Act, 2013 ("the 2013 Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, and the relevant provisions and amendments, as applicable. The Standalone Financial Statements have been prepared on accrual basis under the historical cost convention except certain financial instruments, defined benefit plans and share based payments measured at fair value.

These standalone financial statements were authorised for issue by the Company's Board of Directors on 19 May 2020.

Details of the Company's accounting policies are included in Note 2.

(b) Functional and presentation currency

These standalone financial statements are presented in Indian rupees (INR), which is the Company's functional currency. All financial information have been presented in Indian rupess (INR) all amounts have been rounded-off to the nearest lakhs, unless otherwise stated.

(c) Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value; and
- defined benefit plans – plan assets measured at fair value

(d) Use of estimates and judgements

The preparation of the standalone financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving critical estimates and judgements are:

(i) Estimation of total contract revenue and costs for revenue recognition (Refer note 39)

(ii) Estimation of useful life of property, plant and equipment, Investment property and intangibles (Refer point 2 (l) , 2 (m) and 2 (n))

(iii) Estimation of provision for defect liability period, onerous contracts and liquidated damages, if any (Refer note 29)

(iv) Estimation of defined benefit obligation (Refer note 31)

(v) Estimation of recognition of deferred tax assets, availability of future taxable profit against which tax losses carried forward can be used (Refer note 7)

(vi) Impairment of financial assets (i.e. expected credit loss on trade receivables and retention money receivable) (Refer note 35)

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

1 Basis of preparation and measurement (Contd..)

(d) Use of estimates and judgements (Contd..)

(vii) Impairment of accrued value of work done (Refer note 35)

(viii) Impairment of financial liabilities (i.e. retention money payable and advances from clients) (Refer note 35)

(ix) Estimation on discounting of lease liability on application of Ind AS 116 (Refer Note 40)

(e) Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for financial instruments. The Company has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer (CFO).

They regularly review significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Company's audit committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2 Significant accounting policies

(a) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The board of directors of the Company has appointed a management review committee which assesses the financial performance and position of the Company and makes strategic decisions. The management review committee, which has been identified as being the chief operating decision maker, consists of the chief executive officer (CEO), the chief financial officer (CFO) and the manager for corporate planning. Refer note 36 for segment information presented.

Current/ non-current classification

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current.

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

Assets

An asset is classified as current when it satisfies any of the following criteria:

(i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

(ii) it is expected to be realised within twelve months from the reporting date;

(iii) it is held primarily for the purposes of being traded; or

(iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(a) Segment reporting (Contd..)

All other assets are classified as non current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

(i) it is expected to be settled in the Company's normal operating cycle;

(ii) it is due to be settled within twelve months from the reporting date;

(iii) it is held primarily for the purposes of being traded; or

(iv) the Company does not have an unconditional right to defer settlement of the liability for atleast twelve months from the reporting date.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

(b) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the standalone statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in the statement of profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

(ii) Foreign operations

The results and financial position of foreign operations related to branches (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date.

- The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction, and

- All resulting exchange differences are recognised in foreign currency translation reserve (FCTR) through the other comprehensive income.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(b) Foreign currency (Contd..)

(ii) Foreign operations (Contd..)

Exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation (if any) are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(c) Revenue recognition

(i) Construction Revenue

The Company undertakes Engineering, Procurement and Construction business. The ongoing contracts with customers are for construction of highways, water pipeline projects, construction of residential & commercial buildings, and others. The type of work in these contracts involve construction, engineering, designing, supply of materials, development of system, installation, project management, operations and maintenance etc.

The Company has adopted Ind AS 115, Revenue from Contracts with Customers, with effect from 01 April 2018. The Company has applied the following accounting policy for revenue recognition:

Revenue from contracts with customers

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

Revenue from works contracts, where the outcome can be estimated reliably, is recognised under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(c) Revenue recognition (Contd..)

(i) Construction Revenue (Contd..)

estimated total costs of a contract. Determination of revenues under the percentage of completion method necessarily involves making estimates by the management.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that are likely to be recoverable.

Any costs incurred that do not contribute to satisfying performance obligations are excluded from the Company's input methods of revenue recognition as the amounts are not reflective of our transferring control of the system to the customer. Significant judgment is required to evaluate assumptions related to the amount of net contract revenues, including the impact of any performance incentives, liquidated damages, and other forms of variable consideration.

If estimated incremental costs on any contract, are greater than the net contract revenues, the Company recognises the entire estimated loss in the period the loss becomes known.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration to be earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Any variations in contract work, claims, incentive payments are included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company.

Operation and maintenance income

The Company recognises revenue from Operations and Maintenance services using the time-elapsed measure of progress i.e input method on a straight line basis.

Multiple deliverable arrangements

When two or more revenue generating activities or deliverables are provided under a single arrangement, each deliverable that is considered to be a separate unit of account is accounted for separately. The allocation of consideration from a revenue arrangement to its separate units of account is based on the relative fair value of each unit. If the fair value of the delivered item is not reliably measurable, then revenue is allocated based on the difference between the total arrangement consideration and the fair value of the undelivered item.

The Company evaluates whether each contract consists of a single performance obligation or multiple performance obligations. Contracts where the Company provides a significant integration service to the customer by combining all the goods and services are concluded to have a single performance obligations. Contracts with no significant integration service, and where the customer can benefit from each unit on its own, are concluded to have multiple performance obligations. In such cases consideration is allocated to each performance obligation, based on standalone selling prices. Where the Company enters into multiple contracts with the same customer, the Company evaluates whether the contract is to be combined or not by evaluating factors such as commercial objective of the contract, consideration negotiated with the customer and whether the individual contracts have single performance obligations or not.

Advances from customers, progress payments, amount due from and due to customers and retention money receivable

Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(c) Revenue recognition (Contd..)

(i) Construction Revenue (Contd..)

Progress payments received are adjusted against amount receivable from customers in respect of the contract work performed.

Amounts due from contract customers represents the gross unbilled amount expected to be collected from customers for contract work performed till date. It is measured at cost plus profit recognised till date less progress billings and recognised losses when incurred.

Amounts due to contract customers represents the excess of progress billings over the revenue recognised (costs plus attributable profits) for the contract work performed till date.

Amounts retained by the customers until the satisfactory completion of the contracts are recognised as receivables.

Revenue is net off taxes, duties and cess.

Revenue from contracts awarded to a Jointly Controlled Entity but executed by the Company under the arrangement with the Joint Venture Partner (being in substance in the nature of Jointly Controlled Operations, in terms of Ind AS Accounting Standard) is recognised on the same basis as similar contracts independently executed by the company.

(ii) Dividend Income

Dividend Income is accounted when the right to receive the same is established.

(iii) Interest Income or expenses

Interest income or expense is accounted basis effective interest rate (EIR).

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iv) Rental Income

Rental Income from investment property is recognised in standalone statement of profit and loss on straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

(d) Income tax

Income tax expense comprises of current and deferred tax. It is recognised in standalone statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax ('MAT') under the provisions of Income-tax Act, 1961 is recognised as current tax in the standalone statement of profit and loss. MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(d) Income tax (Contd..)

(i) Current tax (Contd..)

income tax liability, is considered as an asset if there is a convincing evidence that the Company will pay normal tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and

b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(e) Leases

(a) Definition of leases

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(e) Leases (Contd..)

(a) Definition of leases (Contd..)

represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(b) As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(e) Leases (Contd..)

(b) As a lessee (Contd..)

rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate over a period of lease term. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the standalone statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' / separately from other assets in the standalone financial statement and lease liabilities in 'financial liabilities' in the standalone financial statement.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under IAS 17

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's standalone financial statement. Payments made under operating leases were recognised in the standalone financial statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(c) As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(e) Leases (Contd..)

(c) As a lessor (Contd..)

to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 to allocate the consideration in the contract.

The Company recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of 'other income'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

(f) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, investment property, and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the standalone statement of profit and loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit loss.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(i) Inventories

Construction materials and spares, tools and stores, are stated at the lower of cost and net realisable value. Cost of construction materials comprises cost of purchases. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs (WAC) (Refer note 9). Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(j) Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the Management. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency forward contracts, interest rate swaps and currency options; and embedded derivatives in the host contract.

Classification and subsequent measurement

(i) Financial assets

Classification

The Company shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Debt instruments at amortised cost

1. A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

   a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

   b) Contractual terms of the asset give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

2. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the standalone statement of profit and loss. The losses arising from impairment are recognised in the standalone statement of profit and loss.

3. Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised in the standalone statement of profit and loss.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(j) Financial instruments (Contd..)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

1. The rights to receive cash flows from the asset have expired, or

2. The Company has transferred its rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

   If the Company enters into transactions whereby it transfers assets recognised on its standalone balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

3. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

1. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

2. Lease receivables.

3. Trade receivables

4. Accrued value of work done

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

i. Trade receivables which do not contain a significant financing component.

ii. Accrued value of work done which do not contain a significant financing component.

iii. Retention money receivables.

iv. All lease receivables resulting from transactions.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(j) Financial instruments (Contd..)

(ii) Financial liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/loss are not subsequently transferred to the standalone financial statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the standalone statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised.

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

This category generally applies to interest-bearing loans and borrowings.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the standalone statement of profit and loss.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(k) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(l) Property, plant and equipment

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the standalone statement of profit and loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Class of assets	Useful life as per Schedule II
• Office building	60 years
• Store building	3 years
• Plant and equipment	10-15 years
• Furniture and fixtures	10 years
• Vehicles	8-10 years
• Office equipment	3-10 years
• Electrical installation	10 years

Assets costing less than INR 20,000 are depreciated at 100% in the year of purchase / acquisition.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss within other gains/(losses).

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(m) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Based on technical evaluation and consequent advice, the management believes a period of 25-40 years as representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the Company depreciates investment properties using the straight-line method over their estimated useful lives.

Any gain or loss on disposal of an investment property is recognised in the standalone statement of profit and loss.

The fair values of investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

(n) Intangible assets

Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Amortisation methods and periods

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

- Computer software 3-5 years

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(p) Borrowings (Contd..)

over the period of the borrowings using the effective interest method (EIR). Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit and loss as other gains/(losses).

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the statement of profit and loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(q) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(r) Provisions and contingent asset / liabilities

Provisions for legal claims, service warranties are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(s) Employee benefits (Contd..)

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no disclosure is made.

Contingent Assets are not recognised but are disclosed in the notes to the standalone financial statements when economic inflow is probable.

(s) Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefits

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period based on independent actuarial valuation. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the standalone statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment benefits

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity and

(b) defined contribution plans such as provident fund and superannuation fund

Pension and gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Gratuity liability is covered by payment there of to Gratuity fund, the defined benefit plan under Group Gratuity Cash Accumulation Scheme of LIC of India under irrevocable trust. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the standalone statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (OCI). They are included in actuarial loss on defined plan liability in the statement of changes in equity and in the balance sheet.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(s) Employee benefits (Contd..)

(iii) Post-employment benefits (Contd..)

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds and employee state insurance corporation (ESIC) as per local regulations. The company also pays superannuation fund to LIC of India. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee options

The fair value of options granted under the Company's Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

(iv) Bonus plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(t) Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(w) Statement of cash flows

The Company's statement of cash flows are prepared using the Indirect method, whereby profit / loss for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

For the purpose of presentation in statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with Banks/financial institutions, with original maturities of 3 months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value. These also include bank overdrafts and cash credit facility that form an integral part of the Company's cash management.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires 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.

(x) Onerous contract

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

(y) Interests in Joint Operations

A joint operation is a Jointly controlled arrangement whereby the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. When an entity undertakes its activities under joint operations, the Company as a joint operator recognises for the assets, liabilities, revenues, and expenses relating to its interest in a joint operation in accordance with the Ind AS applicable to the particular assets.

Transactions with the Joint operation by Company are recognized in the financial statements only to the extent of other parties' interests in the joint operation.

(z) Change in significant accounting policies

The Company has applied Ind AS 116, which replaces Ind AS 17 Leases and the related interpretations from 1 April 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1 April 2019. Accordingly, the comparative information throughout these financial statements has not been restated to refelect the requirements of the new standard and continues to be reported under Ind AS 17 Leases.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

2 Significant accounting policies (Contd..)

(z) Change in significant accounting policies (Contd..)

Effective April 1, 2019, the Company has adopted Ind AS 116 – Leases and applied it to all lease contracts existing on April 1, 2019 using the modified retrospective method and the impact to retained earnings is amounted to INR 149.79 lakhs. Accordingly, the comparatives have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of INR 2,271.20 lakhs and the corresponding lease liability of INR 2,420.99 lakhs. The effect of this adoption on the profit for the year and earning per share has not been significant.

(aa) Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2020.

(ab) Events after reporting date

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

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

3 Property, plant and equipment

(Currency: Indian rupees in lakhs)

Particulars	Office building	Store building	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Electrical installation	Total	Capital work- in- progress
Year ended 31 March 2019									
Gross carrying amount									
Balance at 1 April 2018	206.77	1,512.98	46,454.22	908.53	3,451.11	1,558.90	236.70	54,329.21	12.18
Exchange differences	–	–	87.29	0.07	64.20	1.23	–	152.79	0.19
Additions	14.00	5,386.78	9,544.26	81.42	169.88	389.10	42.87	15,628.31	319.59
Disposals	–	–	(1,002.06)	–	(96.43)	(0.43)	–	(1,098.92)	(12.37)
Balance as at 31 March 2019 (gross carrying amount)	**220.77**	**6,899.76**	**55,083.71**	**990.02**	**3,588.76**	**1,948.80**	**279.57**	**69,011.39**	**319.59**
Accumulated depreciation									
Opening accumulated depreciation	11.29	387.70	11,075.23	170.22	990.11	698.57	48.40	13,381.52	–
Depreciation for the year	3.78	499.65	5,950.47	125.19	492.31	400.57	31.09	7,503.06	–
On disposals	–	–	(731.17)	–	(70.15)	(0.41)	–	(801.73)	–
Exchange differences	–	–	7.30	(0.09)	13.51	0.02	–	20.74	–
Balance as at 31 March 2019 (accumulated depreciation)	**15.07**	**887.35**	**16,301.83**	**295.32**	**1,425.78**	**1,098.75**	**79.49**	**20,103.59**	**–**
Net carrying amount	205.70	6,012.41	38,781.88	694.70	2,162.98	850.05	200.08	48,907.80	319.59
Year ended 31 March 2020									
Gross carrying amount									
Balance at 1 April 2019	220.77	6,899.76	55,083.71	990.02	3,588.76	1,948.80	279.57	69,011.39	319.59
Exchange differences	–	(15.51)	(263.46)	(1.12)	(164.65)	(4.98)	–	(449.72)	–
Additions	–	5,284.82	11,379.04	–	161.08	288.07	19.02	17,132.03	1,043.53
Disposals	–	–	(1,467.22)	–	(100.38)	–	–	(1,567.60)	(308.95)
Balance as at 31 March 2020 (gross carrying amount)	**220.77**	**12,169.07**	**64,732.07**	**988.90**	**3,484.81**	**2,231.89**	**298.59**	**84,126.10**	**1,054.17**
Accumulated depreciation									
Opening accumulated depreciation	15.07	887.35	16,301.83	295.32	1,425.78	1,098.75	79.49	20,103.59	–
Depreciation for the year	3.98	2,344.82	6,752.89	130.37	420.24	424.28	31.47	10,108.05	–
On disposals	–	–	(1,277.81)	–	(77.75)	–	–	(1,355.56)	–
Exchange differences	–	(2.81)	(145.36)	(0.59)	(94.61)	(2.85)	–	(246.22)	–
Balance as at 31 March 2020 (accumulated depreciation)	**19.05**	**3,229.36**	**21,631.55**	**425.10**	**1,673.66**	**1,520.18**	**110.96**	**28,609.86**	**–**
Net carrying amount	**201.72**	**8,939.71**	**43,100.52**	**563.80**	**1,811.15**	**711.71**	**187.63**	**55,516.24**	**1,054.17**

For property, plant and equipment secured against borrowings, refer note 13 (a) and 13 (b) of the standalone financial statements.

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

4 Investment properties (at cost)

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Cost or deemed cost (gross carrying amount)		
Opening gross carrying amount / deemed cost	82.13	82.13
Additions	–	–
Balance as at 31 March (gross carrying amount)	**82.13**	**82.13**
Accumulated depreciation		
Opening accumulated depreciation	–	–
Depreciation for the year	–	–
Balance as at 31 March (accumulated depreciation)	**–**	**–**
Net carrying amount	**82.13**	**82.13**

Fair value

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Investment properties	1,692.90	1,443.02

Measurement of fair values

(i) Fair value hierarchy:

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

(ii) Valuation technique:

Valuation of the subject property has been done by Sales Comparison Method under Market Approach at each balance sheet date. A comparison is made for the purpose of valuation with similar properties that have recently been sold in the market and thus have a transaction price. The sales comparison approach is the preferred approach when sales data are available. Comparable properties are selected for similarity to the subject property considering attributes like age, size, shape, quality of construction, building features, condition, design, gentry, etc. Their sale prices are then adjusted for their difference from the subject property. Finally a market value for the subject property is estimated from the adjusted sales price of the comparable properties. Investment property comprises a number of vacant industrial land.

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

5 (a) Intangible assets

(Currency: Indian rupees in lakhs)

Particulars	Computer software
Year ended 31 March 2019	
Cost or deemed cost (gross carrying amount)	
Balance at 1 April 2018	1,533.94
Additions	17.11
Balance as at 31 March 2019 (gross carrying amount)	**1,551.05**
Accumulated depreciation	
Opening accumulated amortisation	357.57
Amortisation for the year	309.95
Balance as at 31 March 2019 (accumulated amortisation)	**667.52**
Net carrying amount	883.53
Year ended 31 March 2020	
Gross carrying amount	
Balance at 1 April 2019	**1,551.05**
Additions	32.76
Balance as at 31 March 2020 (gross carrying amount)	**1,583.81**
Accumulated depreciation	
Opening accumulated amortisation	667.52
Amortisation for the year	265.33
Balance as at 31 March 2020 (accumulated amortisation)	**932.85**
Net carrying amount	**650.96**

5 (b) Intangible assets under development

(Currency: Indian rupees in lakhs)

Particulars	Amount
Year ended 31 March 2019	
Cost or deemed cost	
Balance at 1 April 2018	-
Additions	-
Disposals	-
Balance as at 31 March 2019	**-**
Year ended 31 March 2020	
Gross carrying amount	
Balance at 1 April 2019	**-**
Additions	12.15
Disposals	-
Balance as at 31 March 2020 (gross carrying amount)	**12.15**

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

6 Financial assets

(a) Non-current investments

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Investment in equity instruments at amortised cost*		
Unquoted		
In equity shares of subsidiary companies, fully paid up		
- JMC Mining and Quarries Limited	50.00	50.00
500,000 (31 March 2019: 500,000) equity shares of INR 10/- each fully paid up		
- Brij Bhoomi Expressway Private Limited	2,275.71	2,275.71
22,757,050 (31 March 2019: 22,757,050) equity shares of INR 10/- each fully paid up		
Out of above (a) 11,606,070 (31 March 2019: 11,606,070) shares are pledged in favour of bankers of this subsidiary and, (b) 5,916,820 (31 March 2019: NIL) shares are pledged in favour of debenture trustee.		
- Wainganga Expressway Private Limited	3,030.81	3,030.81
30,000,000 (31 March 2019: 30,000,000) equity shares of INR 10/- each fully paid up		
Out of above 15,300,000 (31 March 2019: 15,300,000) shares are pledged in favour of bankers of this subsidiary.		
(Investment in equity instrument of Wainganga Expressway Private Limited includes INR 30.81 lakhs (31 March 2019: INR 30.81 lakhs) arising on initial recognition of financial gurantee, given by the company on behalf of Wainganga Expressway Private Limited, at fair value.)		
- Vindhyachal Expressway Private Limited	2,750.05	2,750.05
27,050,050 (31 March 2019: 27,050,050) equity shares of INR 10/- each fully paid up		
Out of above 13,795,500 (31 March 2019: 13,795,500) shares are pledged in favour of bankers of this subsidiary.		
(Investment in equity instrument of Vindhyachal Expressway Private Limited includes INR 45.04 lakhs (31 March 2019: INR 45.04 lakhs) arising on initial recognition of financial gurantee, given by the company on behalf of Vindhyachal Expressway Private Limited, at fair value.)		
Investments in Joint ventures*		
- Kurukshetra Expressway Private Limited	9,826.62	9,826.62
Investment in financial instrument representing subordinated debt of subsidiary companies**		
- Brij Bhoomi Expressway Private Limited	1,973.30	1,973.30
- Wainganga Expressway Private Limited	6,971.00	6,971.00
- Vindhyachal Expressway Private Limited	14,761.00	14,761.00
Total (equity instruments)	**41,638.49**	**41,638.49**
Total non-current investments	**41,638.49**	**41,638.49**
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	41,638.49	41,638.49
Aggregate amount of impairment in the value of investments	-	-

* In accordance with Section 186 of the Act read with the Companies (Meeting of Board and its powers) Rules, 2014, the details of investments made by the Company as at the reporting dates are stated above.

**As per the resolution passed by the board of directors on 7 February 2018, advance against equity of INR 23,705 lakhs which is convertible into fixed number of equity shares on mutual consent between the Company and its subsidiaries have been recorded as deemed investments.

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

6 Financial assets (Contd..)

(b) Trade receivables

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Trade receivables		
Debts outstanding over six months from due date of payment	22,008.18	14,102.02
Other debts includes retention money	75,959.26	79,156.70
Receivables from related parties	8,181.23	8,987.50
	106,148.67	**102,246.22**
Less: provision for expected credit loss (refer note 35 (A) (i))	(6,546.09)	(6,648.62)
Total receivables	**99,602.58**	**95,597.60**
Non current	**8,636.51**	**3,336.78**
Current	**90,966.07**	**92,260.82**

Break-up of security details

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	106,148.67	102,246.22
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Doubtful	-	-
Total	**106,148.67**	**102,246.22**
Provision for expected credit loss	(6,546.09)	(6,648.62)
Total trade receivables	**99,602.58**	**95,597.60**

- For terms and conditions of receivables owing from related parties, refer note 32 of standalone financial statements.
- For receivables secured against borrowings, refer note 13 (b) and 35 (C) of the standalone financial statements.
- The Company exposure to credit and currency risks, and loss allowances related to receivables are disclosed in note 35 (A) (i) and 35 (A) (iii) of the standalone financial statements.

(c) Loans

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020		31 March 2019	
	Current	Non-current	Current	Non-current
Unsecured, considered good				
To related parties:				
Loans to subsidaries and Joint venture*	40,671.93	-	32,825.53	-
To parties other than related parties:				
Security deposits	4,866.92	1,248.59	2,473.94	1,129.41
Other loans and advances	5,651.43	-	-	-
Total	**51,190.28**	**1,248.59**	**35,299.47**	**1,129.41**
Expected credit loss provision for loans and advances given to JV (refer note 35 (A) (i))	(7,947.06)	-	-	-
Total loans	**43,243.22**	**1,248.59**	**35,299.47**	**1,129.41**

*Loans to subsidaries and Joint venture

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

6 Financial assets (Contd..)

(c) Loans (Contd..)

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020		31 March 2019	
	Current	Non-current	Current	Non-current
- JMC Mining and Quarries Limited	71.20	–	71.20	–
- Brij Bhoomi Expressway Private Limited	3,346.74	–	3,081.74	–
- Wainganga Expressway Private Limited	9,177.10	–	7,233.31	–
- Vindhyachal Expressway Private Limited	8,134.85	–	6,141.85	–
- Kurukshetra Expressway Private Limited	19,942.04	–	16,297.43	–
Total	**40,671.93**	**–**	**32,825.53**	**–**
Expected credit loss provision for loans and advances given to JV (refer note 35 (A) (i))	(7,947.06)	–	–	–
Total	**32,724.87**	**–**	**32,825.53**	**–**

Break-up of security details

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020		31 March 2019	
	Current	Non-current	Current	Non-current
Loans receivables considered good – secured	–	–	–	–
Loans receivables considered good – unsecured	51,190.28	1,248.59	35,299.47	1,129.41
Loans receivables which have significant increase in credit risk	–	–	–	–
Loans receivables – credit impaired	–	–	–	–
Doubtful	–	–	–	–
Total	**51,190.28**	**1,248.59**	**35,299.47**	**1,129.41**
Expected credit loss provision for loans and advances given to JV (refer note 35 (A) (i))	(7,947.06)	–	–	–
Total loans	**43,243.22**	**1,248.59**	**35,299.47**	**1,129.41**

(d) Cash and cash equivalents

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Balances with banks		
- in current accounts	4,519.89	7,543.12
- in demand deposits (with less than 3 months of original maturity)	–	111.95
Cash on hand	48.38	36.68
Total cash and cash equivalents	**4,568.27**	**7,691.75**

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

6 Financial assets (Contd..)

Bank balances other than above

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Bank balances other than above		
- Unpaid dividend accounts	8.83	8.53
Bank deposits (original maturity more than 3 months but less than 12 months)	805.84	–
Total bank balances other than above	**814.67**	**8.53**

(e) Other financial assets

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020		31 March 2019	
	Current	Non-current	Current	Non-current
Accrued interest on fixed deposits	462.40	41.37	78.02	–
Bank deposits (original maturity more than 12 months)	4,200.15	772.79	2,483.51	916.71
Total other financial assets	**4,662.55**	**814.16**	**2,561.53**	**916.71**

7 Deferred tax asset (net)

(Currency: Indian rupees in lakhs)

Particulars	1 April 2019	Recognised in the statement of profit or loss	Recognised in OCI	Other	31 March 2020
Deferred tax (liabilities)/ assets in relation to:					
Property, plant and equipment	262.69	(179.23)	–	–	83.46
Expenses deductible/ Income taxable in other accounting period	992.06	(499.66)	–	–	492.40
Provision for expected credit loss on trade receivables, retention and accrued value of work done	2,323.30	(234.76)	–	–	2,088.54
Impact of lease accounting (As per IND As 116)	–	37.70	–	–	37.70
Provision for expected credit loss for loans and advances given to JV	–	2,000.12	–	–	2,000.12
Related to employee benefits	–	(44.41)	44.41	–	-
Fair value of financial assets and liabilities through profit and loss account	47.80	–	–	(4.04)	43.76
Tax assets	**3,625.85**	**1,079.76**	**44.41**	**(4.04)**	**4,745.98**

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

7 Deferred tax asset (net) (Contd..)

(Currency: Indian rupees in lakhs)

Particulars	1 April 2018	Recognised in the statement of profit or loss	Recognised in OCI	Other	31 March 2019
Deferred tax (liabilities)/ assets in relation to:					
Property, plant and equipment	101.61	161.08	-	-	262.69
Expenses deductible/ Income taxable in other accounting period	1,017.92	(25.86)	-	-	992.06
Provision for expected credit loss on trade receivables, retention and accrued value of work done	2,292.43	30.87	-	-	2,323.30
Related to employee benefits	-	(8.26)	8.26	-	-
Fair value of financial assets and liabilities through profit and loss account	105.66	(105.66)	-	47.80	47.80
Tax assets	**3,517.62**	**52.17**	**8.26**	**47.80**	**3,625.85**

8 Other non-current assets

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Capital advances	140.73	151.14
Prepaid expenses	272.74	313.18
Total other non-current assets	**413.47**	**464.32**

9 Inventories

(at lower of cost or net realisable value)

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Construction material	22,673.90	22,548.55
Spares, tools and stores	1,447.04	2,257.36
Total inventories	**24,120.94**	**24,805.91**

10 Current tax assets (net)

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Advance income tax (net of provision for tax INR 13,409.15 lakhs (31 March 2019 : INR 12,185.19 lakhs))	1,723.68	1,374.32
Total current tax assets (net)	**1,723.68**	**1,374.32**

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

11 Other current assets

(unsecured and considered good)

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Amount due from customers on construction contract (refer note 39)	37,385.24	32,349.59
Accrued value of work done (net of advances) (refer note 39)	71,249.47	67,600.81
Advance to suppliers	14,401.71	16,947.21
Advance GST / VAT / entry tax (net)	12,963.03	12,673.46
Prepaid expenses	645.45	887.78
Advances to employees	189.53	160.42
Cenvat credit receivable	2.61	2.62
	136,837.04	**130,621.89**
Less : Provision for expected credit loss on accrued value of work done (refer note 35 (A) (i))	(1,752.32)	(1,607.14)
Total other current assets	**135,084.72**	**129,014.75**

12 Equity share capital and other equity

(a) Equity share capital

Authorised equity share capital

(Currency: Indian rupees in lakhs)

Particulars	Number of shares (in lakh)	Amount
As at 1 April 2018	350.00	3,500.00
Increase during the year	-	-
As at 31 March 2019*	1,750.00	3,500.00
Increase during the year	-	-
As at 31 March 2020	**1,750.00**	**3,500.00**

(i) Movements in equity share capital

(Currency: Indian rupees in lakhs)

Particulars	Number of shares (in lakh)	Equity share capital (par value)
As at 1 April 2018	335.81	3,358.10
Increase during the year	-	-
As at 31 March 2019*	1,679.05	3,358.10
Increase during the year	-	-
As at 31 March 2020	**1,679.05**	**3,358.10**

*During the previous year, the Company with requisite approval in place has sub-divided the face value of equity shares of the Company from INR 10/- each to INR 2/- each. The Record date for the said sub-division was kept on 5 October 2018. Consequently, the Company has issued total 167,905,170 equity shares of INR 2/- each in lieu of 33,581,034 equity shares of INR 10/- each.

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

12 Equity share capital and other equity (Contd..)

(a) Equity share capital (Contd..)

Terms and rights attached to equity shares :

The Company has only one class of equity shares having par value of INR 2/- per share (31 March 2019: INR 2/- per share). Each holder of equity shares is entitled to one vote per share. The dividend is declared and paid on being proposed by the Board of Directors after the approval of the Shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Shares of the company held by holding company

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Kalpataru Power Transmission Limited*	2,261.94	2,256.29

*Kalpataru Power Transmission Ltd. (KPTL) has notified acquisition of Company's shares in March, 2020 under SEBI (PIT) Reg., 2015 and the Company has also informed the same to Stock Exchanges. Such acquisition has increased KPTL's holding to 113,757,395 Equity Shares (67.75%) as on 31 March 2020. However, as per data of Beneficial Owner (BO) received from the Depositories, KPTL's shareholding as at 31 March 2020 is reflected as 113,096,956 Equity Shares (i.e. 67.36%). The shareholding mentioned in these financial statement is as per BO Data received from the Depositories.

(iii) Details of shareholders holding more than 5% shares in the company

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020		31 March 2019	
	Number of shares (in lakhs)	% holding	Number of shares (in lakhs)	% holding
Equity shares of INR 2/- each fully paid*				
Kalpataru Power Transmission Limited, the Holding Company**	1,130.97	67.36%	1,128.15	67.19%
HDFC Trustee Company Limited	153.78	9.16%	150.90	8.99%
Kotak Small Cap Fund	90.68	5.40%	66.42	3.96%

*During the previous year, the Company with requisite approval in place has sub-divided the face value of equity shares of the Company from INR 10/- each to INR 2/- each. The Record date for the said sub-division was kept on 5 October 2018. Consequently, the Company has issued total 167,905,170 equity shares of INR 2/- each in lieu of 33,581,034 equity shares of INR 10/- each.

**Kalpataru Power Transmission Ltd. (KPTL) has notified acquisition of Company's shares in March, 2020 under SEBI (PIT) Reg., 2015 and the Company has also informed the same to Stock Exchanges. Such acquisition has increased KPTL's holding to 113,757,395 Equity Shares (67.75%) as on 31 March 2020. However, as per data of Beneficial Owner (BO) received from the Depositories, KPTL's shareholding as at 31 March 2020 is reflected as 113,096,956 Equity Shares (i.e. 67.36%). The shareholding mentioned in these financial statement is as per BO Data received from the Depositories.

(iv) Aggregate number of shares issued for consideration other than cash

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020 Number of shares (in lakhs)	31 March 2019 Number of shares (in lakhs)
Aggregate number of shares issued for consideration other than cash	-	-

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

12 Equity share capital and other equity (Contd..)

(b) Reserves and surplus

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Securities premium	35,332.22	35,332.22
Debenture redemption reserve	768.45	541.89
Retained earnings	52,131.85	47,919.69
General reserves	5,315.38	5,090.38
Total reserves and surplus	**93,547.90**	**88,884.18**

(i) Securities premium

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Opening balance	35,332.22	35,332.22
Increase during the year	–	–
Closing balance	**35,332.22**	**35,332.22**

(ii) Debenture redemption reserve

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Opening balance	541.89	–
Transfer from profit and loss account (surplus)	226.56	541.89
Closing balance	**768.45**	**541.89**

(iii) Retained earnings

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Opening balance	47,919.69	35,257.94
Net profit for the year	7,895.60	14,213.10
Items of other comprehensive income		
- Remeasurements of post-employment benefit obligation, net of tax	(160.47)	(24.06)
- Exchange differences of foreign operations, net of tax	(1,504.69)	544.44
Ind AS 115 – reversal of discounting of receivable and payable	–	(90.33)
Ind AS 116 – Lease Accounting Impact	(149.79)	–
Transfer to general reserve	(225.00)	(225.00)
Transfer to debenture redemption reserve	(226.56)	(541.89)
Dividends paid (including tax thereon)	(1,416.93)	(1,214.51)
Closing balance	**52,131.85**	**47,919.69**

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

12 Equity share capital and other equity (Contd..)

(b) Reserves and surplus (Contd..)

(iv) General reserve

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Opening balance	5,090.38	4,865.38
Transfer from profit and loss account (surplus)	225.00	225.00
Closing balance	**5,315.38**	**5,090.38**

Nature and purpose of reserves

(i) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

(ii) Debenture redemption reserve

The company is required to create a debenture redemption reserve out of the profits under the provisions of the Companies Act, 2013 and rules framed thereunder, which is available for payment of dividend for the purpose of redemption of debentures.

(iii) General reserve

The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. General Reserve is created by the transfer from one component of equity to another and is not an item of other comprehensive income. This can be utilised in accordance with the provisions of Companies Act, 2013.

(c) Other reserves

(Currency: Indian rupees in lakhs)

Particulars	Amount
As at 1 April 2018	85.49
Increase during the year	–
As at 31 March 2019	85.49
Increase during the year	–
As at 31 March 2020	**85.49**

Nature and purpose of other reserves

Other reserves created on Guarantee commission charged on bank guarantee provide by the Holding Company on behalf of the Company.

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

13 Financial liabilities

(a) Non-current borrowings

(Currency: Indian rupees in lakhs)

Particulars	Maturity date	Terms of repayment	Coupon/ Interest rate	31 March 2020		31 March 2019	
				Non-current	Current	Non-current	Current
Secured							
Debentures							
1,500, 9.95% Secured, Rated, Listed, Redeemable Non-Convertible Debentures (NCDs) of the face value of INR 1,000,000/- each.		Please refer note 13 (a) 1	9.95%	14,965.76	874.39	14,937.62	883.23
Term loans from banks							
Rupee loan							
- from banks		Please refer note 13 (a) 2		15,702.91	4,333.73	11,805.14	2,795.20
- from NBFC		Please refer note 13 (a) 3		7,407.54	4,682.80	8,725.90	4,400.58
Vehicle / equipment loans		Please refer note 13 (a) 4	9.40% to 10.75%	52.16	53.52	85.40	65.82
				38,128.37	**9,944.44**	**35,554.06**	**8,144.83**
Unsecured							
Debentures							
1,000, 10.55%, Unsecured, Rated, Listed, Redeemable Non-Convertible Debentures (NCDs) of the face value of INR 1,000,000/- each.		Please refer note 13 (a) 1	10.55%	9,955.26	176.52	-	-
Term loans							
Rupee loan							
- from banks	30-Oct-21	Quarterly unequal instalments. Borrower has a right to prepay the facility anytime and lender has a right to recall the facility, after 5 years from the first drawdown date after 15 days notice.	Varying interest rate linked to base rate of Bank from time to time.	1,508.54	1,929.12	3,488.89	2,588.61
- from NBFC		Please refer note 13 (a) 3		100.53	74.52	-	-
				11,564.33	**2,180.16**	3,488.89	2,588.61
Amount disclosed under the head "Other current financial liabilities"							
Current maturities of long-term debt (included in note 13 (c))				-	(11,061.92)	-	(9,841.49)
Interest accrued (included in note 13 (c))				-	(1,062.68)	-	(891.95)
				-	(12,124.60)	-	(10,733.44)
Total non-current borrowings				**49,692.70**	**-**	**39,042.95**	**-**

As per RBI Notification having reference RBI/2019-20/186: DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, the Company has availed the benefit of moratorium on payment of unpaid installments for the month of March 2020.

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

13 Financial liabilities (Contd..)

(a) Non-current borrowings (Contd..)

1 Debentures

1,500, 9.95% Secured, Rated, Listed, Redeemable Non-Convertible Debentures (NCDs)

(a) 1,500, 9.95% Secured, Rated, Listed, Redeemable Non-Convertible Debentures (NCDs) of the face value of INR 1,000,000/- (Rupees Ten Lakh Only) each, for an aggregate nominal value of INR 15,000 lakhs divided in Series I Debentures (300 Nos.), Series II Debentures (450 Nos.) and Series III Debentures (750 Nos.) on private placement basis. The said NCDs are listed on the Wholesale Debt Market segment of BSE Limited.

Due date and amount for the repayment of principal of Non-Convertible Debentures (NCDs) is as follows :

(Currency: Indian rupees in lakhs)

Particulars	(₹ in Lakhs)	Date
- 9.95% Series III NCDs issued on August 28, 2018	7,500	August 28, 2023
- 9.95% Series II NCDs issued on August 28, 2018	4,500	August 27, 2022
- 9.95% Series I NCDs issued on August 28, 2018	3,000	August 27, 2021

(b) Interest on debentures is payable anually @ 9.95%. Accrued interest upto 31 March 2020 is INR 884.90 lakhs (31 March 2019 is INR 883.23 lakhs) and the same is due on 28 August 2020.

(c) Unamortised cost related to debenture of INR 44.75 lakhs (31 March 2019 is INR 62.38 lakhs) has been reduced from the borrowings.

(d) NCDs secured against 5,916,820 equity shares constituting 26% of the paid up equity capital of Brij Bhoomi Expressway Private Limited (refer note: 6(a))

1,000, 10.55%, Unsecured, Rated, Listed, Redeemable Non-Convertible Debentures (NCDs)

(a) 1,000, 10.55% Unsecured, Rated, Listed, Redeemable Non-Convertible Debentures (NCDs) of the face value of INR 1,000,000/- (Rupees Ten Lakh Only) each, for an aggregate nominal value of INR 10,000 lakhs on private placement basis. The said NCDs are listed on the Wholesale Debt Market segment of BSE Limited.

Due date and amount for the repayment of principal of Non-Convertible Debentures (NCDs) is as follows :

(Currency: Indian rupees in lakhs)

Particulars	(₹ in Lakhs)	Date
- 10.55% NCDs issued on October 23, 2019	10,000	October 21, 2022

(b) Interest on debentures is payable quarterly @ 10.55%. Accrued interest upto 31 March 2020 is INR 198.89 lakhs (31 March 2019: INR Nil) and the same is due on 23 April 2020.

(c) Unamortised cost related to debenture of INR 67.11 lakhs (31 March 2019: INR Nil lakhs) has been reduced from the borrowings.

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

13 Financial liabilities (Contd..)

(a) Non-current borrowings (Contd..)

2 Rupee loans from banks

(i) Term loan from a bank amounting to INR 1,164.29 lakhs (31 March 2019: INR 1,829.65 lakhs) is secured exclusively by first charge on movable Property, plant and equipment funded out of the said facility. Term loan is repayable in unequal quarterly instalments with 30 September 2021 as maturity date with varying interest rate linked to base rate of bank from time to time.

(ii) Term loan from a bank amounting to INR 10,968.74 lakhs (31 March 2019: INR 12,487.49 lakhs) is secured by first pari passu charge on entire movable Property, plant and equipment excluding assets charged exclusively to the Term Lenders. Term loan is repayable in 16 unequal quarterly instalments to be paid at the end of each financial quarter, with 30 September 2022 as a date of maturity and interest payable on monthly basis at varying interest rate linked to 1 year MCLR.

(iii) Term loan from a bank amounting to INR 79.43 lakhs (31 March 2019: INR 153.80 lakhs) is secured exclusively by first charge on movable Property, plant and equipment funded out of the said facility. Term loan is repayable in unequal quarterly instalments ending in July 2021 with varying interest rate linked to base rate of bank from time to time.

(iv) Term loan from a bank amounting to INR 583.26 lakhs (31 March 2019: INR 129.40 lakhs) is secured exclusively by first charge on movable Property, plant and equipment funded out of the said facility. Term loan is repayable in unequal quarterly instalments ending in July 2023 with varying interest rate linked to base rate of bank from time to time.

(v) Term loan from a bank amounting to INR 2,500 lakhs (31 March 2019: INR NIL) is secured exclusively by first charge on movable Property, plant and equipment funded out of the said facility. Term loan is repayable in unequal quarterly instalments with 30 November 2022 as maturity date with varying interest rate linked to base rate of bank from time to time.

(vi) Term loan from a bank amounting to INR 2,500 lakhs (31 March 2019: INR NIL) is secured by first pari passu charge on entire movable Property, plant and equipment excluding assets charged exclusively to the Term Lenders. Term loan is repayable in unequal quarterly instalments with 31 March 2025 as maturity date with varying interest rate linked to base rate of bank from time to time.

(vii) Term loan from a bank amounting to INR 240.92 lakhs (31 March 2019: INR NIL) is secured exclusively by first charge on movable Property, plant and equipment funded out of the said facility. Term loan is repayable in unequal monthly instalments with 31 October 2023 as maturity date with varying interest rate linked to base rate of bank from time to time.

(viii) Term loan from a bank amounting to INR 2,000 lakhs (31 March 2019: INR NIL) is secured exclusively by first charge on movable Property, plant and equipment funded out of the said facility. Term loan is repayable in equal quarterly instalments with 31 March 2024 as maturity date with varying interest rate linked to base rate of bank from time to time.

3 Rupee loans from NBFC

(i) Term loan from NBFC amounting to INR 3,060.00 lakhs (31 March 2019: INR 4,860.00 lakhs) is secured by first pari passu charge on entire movable Property, plant and equipment excluding assets charged exclusively to the Term Lenders. Term loan is repayable in 18 unequal quarterly instalments to be paid at the end of each financial quarter, with 31 December 2020 as a date of maturity and interest payable on monthly basis at varying interest rate linked to base rate of NBFC from time to time.

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

13 Financial liabilities (Contd..)

(a) Non-current borrowings (Contd..)

3 Rupee loans from NBFC (Contd..)

(ii) Term loan from NBFC amounting to INR 2,812.50 lakhs (31 March 2019: INR 3,750.00 lakhs) is secured by first pari passu charge on entire movable Property, plant and equipment excluding assets charged exclusively to the Term Lenders. Term loan is repayable in 16 equal quarterly instalments, 31 March 2022 as a date of maturity and interest payable on monthly basis at varying interest rate linked to base rate of NBFC from time to time.

(iii) Term loan from NBFC amounting to INR 6.24 lakhs (31 March 2019: INR 14.80 lakhs) is secured by first and exclusive charge by way of hypothecation for equipment financed by them. Term loans is repayable in 14 equal quarterly instalments with interest payable monthly at varying interest rate linked to base rate of NBFC from time to time.

(iv) Term loan from NBFC amounting to INR 156.26 lakhs (31 March 2019: INR 405.25 lakhs) is secured by first and exclusive charge by way of hypothecation for equipment financed by them. Term loans is repayable in 16 equal quarterly instalments with interest payable monthly at varying interest rate linked to base rate of NBFC from time to time.

(v) Term loan from NBFC amounting to INR NIL (31 March 2019: INR 114.27 lakhs) is secured by first and exclusive charge by way of hypothecation for equipment financed by them. Term loans is repayable in 20 unequal quarterly instalments with interest payable monthly at varying interest rate linked to base rate of NBFC from time to time.

(vi) Term loan from NBFC amounting to INR NIL (31 March 2019: INR 126.94 lakhs) is secured by first and exclusive charge by way of hypothecation for equipment financed by them. Term loans is repayable in 20 unequal quarterly instalments with interest payable monthly at varying interest rate linked to base rate of NBFC from time to time.

(vii) Term loan from NBFC amounting to INR 1,055.34 lakhs (31 March 2019: INR 1,355.22 lakhs) is secured by first and exclusive charge by way of hypothecation for equipment financed by them. Term loans is repayable in 20 equal quarterly instalments with interest payable quarterly at varying interest rate linked to base rate of NBFC from time to time.

(viii) Term loan from NBFC amounting to INR 2,500.00 lakhs (31 March 2019: INR 2,500.00 lakhs) is secured by first pari passu charge on entire movable Property, plant and equipment excluding assets charged exclusively to the Term Lenders. Term loan is repayable in 16 equal quarterly instalments, 31 March 2024 as a date of maturity and interest payable on monthly basis at varying interest rate linked to base rate of NBFC from time to time.

(ix) Term loan from NBFC amounting to INR 2,500.00 lakhs (31 March 2019: INR INR NIL) is secured by first pari passu charge on entire movable Property, plant and equipment excluding assets charged exclusively to the Term Lenders. Term loan is repayable in 16 equal quarterly instalments, 30 June 2024 as a date of maturity and interest payable on monthly basis at varying interest rate linked to base rate of NBFC from time to time.

(x) Term loan from NBFC amounting to INR 175.05 lakhs (31 March 2019: INR NIL) is unsecured. Term loans is repayable in 20 unequal quarterly instalments with interest payable monthly at varying interest rate linked to base rate of NBFC from time to time.

4 Vehicle / equipment loans

Loans of INR 105.68 lakhs (31 March 2019: INR 151.22 lakhs) are secured by way of charge on specific equipment and vehicles financed by them on different loans. Vehicle Loans is repayable in 60 monthly instalments beginning from the month subsequent to disbursement.

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

13 Financial liabilities (Contd..)

(b) Current borrowings

(Currency: Indian rupees in lakhs)

Particulars	Maturity date	Terms of repayment	Coupon/ Interest rate	31 March 2020	31 March 2019
Loans repayable on demand					
Secured					
From banks*	Roll over facility	Roll over working capital facility renewed anually	MCLR + Margin	23,136.66	26,789.00
Current borrowings				23,136.66	26,789.00

*Working Capital Loans are secured in favour of consortium bankers, by way of :

(a) First charge against hypothecation of stocks, work in progress, stores and spares, trade receivables, book debts, cash and cash equivalents and other current assets.

(b) Second charge on all movable Property, plan and equipments of the Company.

(c) First charge on the office premises of the Company.

(c) Other financial liabilities

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Non-current		
Security deposit accepted	21.62	24.62
Total other non-current financial liabilities	**21.62**	**24.62**
Current		
Term loans from banks and NBFCs (refer note 13 (a) 2 and 13 (a) 3)	11,008.40	9,775.67
Loan against vehicles / equipment (refer note 13 (a) 4)	53.52	65.82
Interest accrued but not due on borrowings	1,062.68	891.95
Unclaimed dividend	8.83	8.53
Unclaimed matured fixed deposits and interest thereon	3.42	3.04
Security deposits	16,666.17	15,760.97
Payables for capital goods (including dues of micro enterprises and small enterprises INR 186.44 lakhs (31 March 2019 : INR NIL)) (refer note 33)	2,831.00	3,483.91
Payable to employees (including provisions)	3,925.99	3,541.37
Total other current financial liabilities	**35,560.01**	**33,531.26**

(d) Lease liabilities

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Non-current		
Lease liabilities (refer note 40)	2,289.24	-
Total non-current lease liabilities	**2,289.24**	**-**
Current		
Lease liabilities (refer note 40)	1,603.94	-
Total current lease liabilities	**1,603.94**	**-**

Notes to the Standalone Financial Statements (Contd..)

as at 31 March 2020

13 Financial liabilities (Contd..)

(e) Trade payables

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Non-current		
Total outstanding dues of micro enterprises and small enterprises	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	14,288.99	14,127.67
Total non-current trade payables	**14,288.99**	**14,127.67**
Current		
Acceptance	22,001.14	15,304.03
Total outstanding dues of micro enterprises and small enterprises (refer note 33)	3,288.10	1,168.00
Total outstanding dues of creditors other than micro enterprises and small enterprises	90,973.81	100,749.41
Total current trade payables	**116,263.05**	**117,221.44**

14 Provisions

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020			31 March 2019		
	Current	Non-current	Total	Current	Non-current	Total
Defect liability period expenses (refer note 29)	1,459.59	1,920.74	3,380.33	135.27	2,620.95	2,756.22
Provision for onerous contracts (refer note 29)	–	–	–	14.38	–	14.38
Provision for gratuity (refer note 31)	343.36	1,660.97	2,004.33	332.30	1,352.09	1,684.39
Leave obligations (refer note 31)	277.66	816.89	1,094.55	202.97	634.13	837.10
Total provisions	**2,080.61**	**4,398.60**	**6,479.21**	**684.92**	**4,607.17**	**5,292.09**

15 Other liabilities

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020			31 March 2019		
	Current	Non-current	Total	Current	Non-current	Total
Amount due to customers under construction contracts (refer note 39)	16,046.88	–	16,046.88	6,910.97	–	6,910.97
Advance from clients	30,797.19	28,786.60	59,583.79	17,015.19	39,170.61	56,185.80
Deferred guarantee commission	8.83	23.57	32.40	9.70	32.63	42.33
Other statutory liabilities*	1,570.87	–	1,570.87	2,443.50	–	2,443.50
Other current liabilities	210.74	–	210.74	375.23	–	375.23
Book overdrafts with bank	–	–	–	7.06	–	7.06
Total	**48,634.51**	**28,810.17**	**77,444.68**	**26,761.65**	**39,203.24**	**65,964.89**

*The Company has availed the extension of due date granted for the payment of Goods and Service tax, Income-tax and Profession tax dues for the month of March 2020.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

16 Revenue from operations

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Contract revenue	358,133.61	277,100.87
Accrued value of work done (uncertified bills)	13,169.40	48,184.75
Total revenue from continuing operations	**371,303.01**	**325,285.62**

17 Other income

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Interest income		
- from fixed deposits	337.05	900.35
- from others	1,668.72	1,044.50
Other non operating income		
- Rent income	617.53	472.80
- Liabilities written back	94.18	50.55
- Guarantee commission	9.93	10.45
Other gains and losses		
- Net gain on sale of Property, plant and equipment	16.35	-
Total other income	**2,743.76**	**2,478.65**

18 Cost of materials consumed

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Raw materials at the beginning of the year	22,548.55	17,759.10
Add: Purchases during the year	177,801.72	148,605.43
Less: Scrap sales made during the year	(2,340.03)	(2,129.03)
Less: Raw material at the end of the year	(22,673.90)	(22,548.55)
Total cost of materials consumed	**175,336.34**	**141,686.95**

19 Employee benefit expense

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Salaries, wages and bonus	30,978.99	26,560.67
Contribution to provident fund and other statutory fund	2,031.21	2,207.15
Staff welfare expenses	1,631.64	1,487.69
Total employee benefit expense	**34,641.84**	**30,255.51**

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

20 Depreciation and amortisation expense

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Depreciation of property, plant and equipment (refer note 3)	10,108.05	7,503.06
Depreciation of right-of-use asset (refer note 40)	1,360.56	-
Amortisation of intangible assets (refer note 5(a))	265.33	309.95
Total depreciation and amortisation expense	**11,733.94**	**7,813.01**

21 (a) Construction expenses

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Work charges	56,329.95	60,760.29
Composite work charges	19,064.34	18,222.00
Consumption of spares, tools and stores	1,961.12	2,241.03
Machinery - running and maintenance expenses	5,927.52	5,566.22
Electricity charges	2,439.83	2,030.00
Rent and hire charges	7,772.70	7,314.32
Security expenses	2,164.56	1,944.56
Site expenses	10,543.70	10,749.89
Provision for onerous contracts (refer note 29)	(14.38)	(38.94)
Defect liability period expenses (refer note 29)	(17.37)	93.19
Total construction expense	**106,171.97**	**108,882.56**

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

21 (b) Other expenses

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Building and general repairs	91.96	137.32
Vehicle maintenance charges	200.30	200.90
Travelling expenses	1,729.32	1,689.55
Conveyance expenses	96.06	100.52
Insurance charges	774.79	730.36
Printing and stationery expenses	251.72	267.82
Office rent	601.75	1,132.78
Office expenses	358.66	289.73
Postage and telephone charges	271.41	316.41
Professional and legal charges	1,884.08	1,903.99
Auditor's remuneration (refer note 21 (b) (i) below)	103.01	92.51
Rates and taxes	3,899.88	2,437.13
Advertisement expenses	10.58	38.31
Computer and IT expenses	768.99	842.90
Bank commission and charges	2,115.29	1,638.83
Training expenses	42.33	64.13
Loss on assets lost / sold	114.07	199.81
Exchange rate variation expense	(3,592.03)	(2,742.67)
Sitting fees and commission to non-executive directors	91.75	116.00
Provision for expected credit loss	2,139.82	393.64
Provision for expected credit loss on accrued value of work done	145.18	387.00
Contribution to political party	500.00	-
Corporate social responsibility expenditure (refer note 21 (b) (ii) below)	180.37	97.46
Sundry expenses	1,238.09	433.40
Total other expenses	**14,017.38**	**10,767.83**

(i) Details of payments to auditor's (excluding taxes)

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Payment to auditor's		
As auditor:		
Audit fee	82.00	55.00
In other capacities		
Certification fees	17.10	31.90
Re-imbursement of expenses	3.91	5.61
Total payments to auditors	**103.01**	**92.51**

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

21 (b) Other expenses (Contd..)

(ii) Corporate social responsibility expenditure

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
A. Gross amount required to be spent by the Company	180.24	91.53
B. Amount spent during the year on:		
(i) Construction/acquisition of any assets	–	–
(ii) On purpose other than (i) above	180.37	97.46
C. Related party transactions in relation to Corporate Social Responsibility	–	–

22 Finance costs

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Interest and finance charges on financial liabilities not at fair value through profit or loss	12,151.25	9,378.53
Other borrowing costs, net	346.20	(246.31)
Exchange differences regarded as an adjustment to borrowing costs	19.53	374.22
Interest on unwinding of discount	–	–
Total finance costs	**12,516.98**	**9,506.44**

23 Estimation of uncertainties relating to the global health pandemic – COVID-19:

The Company has considered internal and certain external sources of information including economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions and based on the current estimates, the Company expects to recover the carrying amount of trade receivables including unbilled receivables, investments and other assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements, the Company will continue to monitor developments to identify significant uncertainties in future periods, if any.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

24 Income tax expense

(a) Amounts recognised in the standalone statement of profit and loss :

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Income tax expense		
Current tax		
Current tax on profits for the year	4,865.42	4,691.04
Total current tax expense	**4,865.42**	**4,691.04**
Deferred tax		
(Increase) in deferred tax assets	(1,079.76)	(52.17)
Total deferred tax expense	**(1,079.76)**	**(52.17)**
Income tax expense	3,785.66	4,638.87
Income tax expense is attributable to:		
Profit from continuing operations	3,785.66	4,638.87
	3,785.66	**4,638.87**

(b) Amounts recognised in other comprehensive income (OCI) :

(Currency: Indian rupees in lakhs)

Particulars	For the year ended 31 March 2020			For the year ended 31 March 2019		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Remeasurements of defined benefit liability/(asset)	(204.88)	44.41	(160.47)	(32.32)	8.26	(24.06)
Exchange difference in translating foreign operations	(1,921.11)	416.42	(1,504.69)	731.33	(186.89)	544.44
	(2,125.99)	**460.83**	**(1,665.16)**	**699.01**	**(178.63)**	**520.38**

(c) Reconciliation of income tax expenses with the accounting profit :

(Currency: Indian rupees in lakhs)

Particulars	For the year ended 31 March 2020 Amount	For the year ended 31 March 2019 Amount
Profit before tax	11,681.26	18,851.97
Tax using the Company's domestic tax rate (Current Year Tax Rate 25.168 % / Previous Year Tax Rate 34.94 %) :	2,939.94	6,586.88
Tax effect of adjustment to reconcile reported income tax expenses		
Income exempt-share of profit/loss on investment in JV	57.53	30.83
Profit allowance claimed u/s 80IA of the Income-tax Act, 1961	-	(1,721.25)
Reinstatement of deferred tax assets at prevailing rate	1,014.08	-
Others	(225.89)	(257.59)
Income tax expenses recognised in the standalone statement of profit and loss	**3,785.66**	**4,638.87**

The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act , 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised tax expenses for the year ended and re-measured its deferred tax assets basis the rate prescribed in the said section.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

25 Contingent liabilities in respect of :

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
A. Bank guarantees	2.50	1.50
B. Guarantees given in respect of performance of contracts of subsidiaries, joint ventures and unincorporated joint ventures in which Company is one of the member / holder of substantial equity	52,163.75	40,227.36
C. Guarantee given in favour of a subsidiary for loan obtained by them	2,768.00	2,768.00
D. Claims against the Company not acknowledged as debts	1,402.62	896.01
E. Show cause notice issued by service tax authorities	5,586.45	5,571.23
F. Trichy madurai road project royalty matter	39.87	39.87
G. Disputed income-tax demand in appeal before appellate authorities	1,215.14	797.05
H. Disputed income-tax demand of joint ventures in appeal before appellate authorities	144.90	144.90
I. Disputed VAT demand in appeal before appellate authorities	2,797.61	3,067.14

Note:

The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organisation and its employees are to contribute towards Provident Fund. The Company believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. Additionally, there is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon. Supreme Court vide its ruling in February 2019, in relation to the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. The Company will evaluate its position and act, as clarity emerges.

26 The management is of the opinion that as on the date of balance sheet, there are no indications of a material impairment loss on Property, plant and equipment, hence the need to provide for impairment loss does not arise.

27 Capital and other commitments

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,732.86	3,225.59

28 In the managment opinion, the assets other than Property, plant and equipment and non-current investments have a realisable value, in the ordinary course of business, approximately of the amount at which they are stated in these standalone financial statements.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

29 The disclosure in respect of provisions is as under :

(Currency: Indian rupees in lakhs)

Particulars	Defect liability period	Onerous contracts
Balance at 1 April 2018	2,663.03	53.32
Additions during the year	762.22	168.84
Utilisation during the year	(326.29)	-
Reversal (withdrawn as no longer required)	(342.74)	(207.78)
As at 31 March 2019	**2,756.22**	**14.38**
Additions during the year	2,179.02	115.19
Utilisation during the year	(242.14)	-
Reversal (withdrawn as no longer required)	(681.26)	(129.57)
Discounting	(631.51)	-
As at 31 March 2020	**3,380.33**	**-**
Non-current	1,920.74	-
Current	1,459.59	-

Provision for defect liability period expense - The Company has made provision for expenses during defect liability period based on the defect liability period mentioned in contracts. The provision is based on the estimates made from historical data associated with similar project. The Company expects to incur the related expenditure over the defect liability period.

Provision for onerous contracts - The Company has a contract where total contract cost exceeds the total contract revenue. In such situation as per Ind AS 115 and Ind AS 37 the Company has to provide for these losses. The provision is based on the estimate made by the management.

30 Earning per share (EPS)*

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
i) Net profit after tax as per standalone statement of profit and loss attributable to equity shareholders (INR in lakhs)	7,895.60	14,213.10
ii) Weighted average number of equity shares used as denominator for calculating EPS (Nos.)	167,905,170	167,905,170
iii) Basic and diluted earnings per share (in INR)	4.70	8.47
iv) Face value per equity share (in INR)	2.00	2.00

*During the previous year, the Company with requisite approval in place has sub-divided the face value of equity shares of the Company from INR 10/- each to INR 2/- each. The Record date for the said sub-division was kept on 5 October 2018. Consequently, the Company has issued total 167,905,170 equity shares of INR 2/- each in lieu of 33,581,034 equity shares of INR 10/- each.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

31 Retirement benefits

a. Defined contribution plan

The Company makes contribution towards provident fund and superannuation fund which are defined contribution retirement plans for qualifying employees. The provident fund plan is operated by the regional provident fund commissioner and the superannuation fund is administered by the LIC. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement contribution schemes to fund benefits.

The Company recognised INR 1,416.23 lakhs (31 March 2019: INR 1,206.57 lakhs) for Provident Fund contributions and INR 41.85 lakhs (31 March 2019: INR 61.83 lakhs) for Superannuation contributions in the Standalone Statement of Profit and Loss. The contribution payable to these plans by the Company are at rates specified in the rules.

b. Defined benefit plan

The scheme provides for lump sum payment to vested employees at retirement, upon death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and the related current service cost are measured using the projected unit credit method as per actuarial valuation carried out at balance sheet date.

The following table sets out the funded status of the gratuity plan and the amount recognised in the company's standalone financial statements as at 31 March 2020.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

31 Retirement benefits (Contd..)

b. Defined benefit plan

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
i Change in benefit obligations:		
Projected benefit obligation at the beginning of the year	1,693.45	1,472.86
Service cost	271.24	248.10
Interest cost	109.63	96.69
Actuarial (gain) / loss		
- changes in demographic assumptions	-	-
- changes in financial assumptions	84.68	6.93
- experience adjustments	96.78	5.54
Benefits paid	(203.00)	(136.67)
Projected benefit obligation at the end of the year	**2,052.78**	**1,693.45**
ii Change in plan assets:		
Fair value of plan assets at the beginning of the year	9.07	41.91
Expected return on plan assets	2.81	3.67
Employer's contribution	263.00	120.00
Benefit paid	(203.00)	(136.67)
Actuarial gain / (loss)	(23.43)	(19.84)
Fair value of plan assets at the end of the year	**48.45**	**9.07**
iii Net gratuity cost for the year ended		
Service cost	271.24	248.10
Interest of defined benefit obligation	109.63	96.69
Expected return on plan assets	(2.81)	(3.67)
Net actuarial loss recognised in the year	204.89	32.32
Net gratuity cost	582.95	373.44
Actual return on plan assets	**(20.62)**	**(16.17)**
iv Amount recognised in the standalone balance sheet:		
Liability at the end of the year	2,052.78	1,693.45
Fair value of plan assets at the end of the year	48.45	9.07
Amount recognised in standalone balance sheet	**2,004.33**	**1,684.38**
v Assumptions used in accounting for the gratuity plan:		
Discount rate	6.20%	7.20%
Salary escalation rate	6.00%	6.00%
Expected rate of return on plan assets	6.20%	7.20%
Attrition rate	17.00%	17.00%

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

31 Retirement benefits (Contd..)

b. Defined benefit plan (Contd..)

Employee benefits

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Net defined benefit liability - gratuity	2,004.33	1,684.39
Total employee benefit liability	**2,004.33**	**1,684.39**
Non- current	1,660.97	1,352.09
Current	343.36	332.30

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	2,009.54	2,097.94	1,659.36	1,729.02
Salary escalation rate (0.50% movement)	2,091.44	2,015.41	1,723.59	1,664.26
Attrition rate (1% movement)	2,045.02	2,060.63	1,690.71	1,696.00

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Expected cash flow for the following years

Expected total benefits payments

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Year 1	391.81	341.37
Year 2	327.28	298.27
Year 3	387.58	301.35
Year 4	405.14	366.06
Year 5	441.85	383.51
Next 5 years	1,903.65	1,728.11

c. Compensated absence

Compensated absence for employee benefits of INR 1,094.55 lakhs for the year ended 31 March 2020 (31 March 2019 : INR 837.10 lakhs) expected to be paid in exchange for the services is recognised as an expense during the year and and included in "Employee benefits expense" in the Standalone Statement of Profit and Loss. The following table provides details in relation to compensated absences.

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Liability for compensated absences	1,094.55	837.10
Total employee benefit liability	**1,094.55**	**837.10**
Non- current	816.89	634.13
Current	277.66	202.97

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

32 Related party disclosure

Kalpataru Power Transmission Limited	**Holding Company**
Subsidiary, Fellow Subsidiary Companies	**Nature of Relationship**
JMC Mining and Quarries Limited	Subsidiary Company
Brij Bhoomi Expressway Private Limited	Subsidiary Company
Wainganga Expressway Private Limited	Subsidiary Company
Vindhyachal Expressway Private Limited	Subsidiary Company
Energylink (India) Limited	Subsidiary of Holding Company
Shree Shubham Logistics Limited	Subsidiary of Holding Company
Amber Real Estate Limited	Subsidiary of Holding Company
Adeshwar Infrabuild Limited	Subsidiary of Holding Company
Kalpataru Power Transmission Sweden AB	Subsidiary of Holding Company
Kalpataru Power Transmission (Mauritius) Limited	Subsidiary of Holding Company
Kalpataru Power Transmission - USA, INC.	Subsidiary of Holding Company
Alipurduar Transmission Limited	Subsidiary of Holding Company
LLC Kalpataru Power Transmission Ukraine	Subsidiary of Holding Company
Kalpataru Power DMCC, UAE	Subsidiary of Holding Company
Saicharan Properties Limited	Subsidiary of Holding Company
Kalpataru Metfab Private Limited	Subsidiary of Holding Company
Kalpataru Satpura Transco Private Limited	Subsidiary of Holding Company
Punarvasu Financials Services Private Limited	Subsidiary of Holding Company
Kalpataru IBN Omairah Company Limited	Subsidiary of Holding Company
Kohima Mariani Transmission Limited	Subsidiary of Holding Company
Joint Ventures (with whom transactions have taken place during the year)	**Nature of Relationship**
Kurukshetra Expressway Private Limited	Joint Venture
Key Managerial Personnel (KMP) (with whom transactions have taken place during the year)	**Nature of Relationship**
Mr. Shailendra Tripathi	CEO & Dy. Managing Director
Mr. Manoj Tulsian (upto 14 January 2020)	Whole-time Director & CFO
Mr. D. R. Mehta	Non-Executive Director
Mr. Shailendra Raj Mehta	Non-Executive Director
Mr. Hemant Modi	Non-Executive Director
Ms. Anjali Seth	Non-Executive Director
Mr. Vardhan Dharkar (w.e.f 10 February 2020) (w.e.f 25 December 2019 - upto 9 February 2020 : as Key Managerial Personnel)	Chief Financial Officer
Enterprises over which significant influence exercised with whom company has transactions (EUSI)	**Nature of Relationship**
Kalpataru Limited	Significant influence of KMP's
Kalpataru Properties Thane Private Limited	Significant influence of KMP's
Kiyana Ventures LLP	Significant influence of KMP's
Kalpataru Urbanscape LLP	Significant influence of KMP's
Agile Real Estate Private Limited	Significant influence of KMP's
Abacus Real Estate Real Private Limited	Significant influence of KMP's
Kalpataru Retail Ventures Private Limited	Significant influence of KMP's
K C Holdings Private Limited	Significant influence of KMP's
Kalpataru Foundation	Significant influence of KMP's

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

32 Related party disclosure (Contd..)

(Currency: Indian rupees in lakhs)

Sr. No.	Particulars of Transactions with Related Parties	Holding Company	Subsidiary, Fellow Subsidiary Companies	Joint Ventures	KMP	EUSI
I.	**Transactions during the Year**					
1	Guarantee commission expenses	**-**	**-**	**-**	**-**	**-**
		-	-	-	-	-
2	Other expenses	**8.85**	**-**	**-**	**-**	**65.83**
		(7.02)	-	-	-	(20.82)
3	Rent paid	**123.51**	**-**	**-**	**-**	**940.34**
		(121.49)	-	-	-	(776.39)
4	Sub-contract charges paid	**247.24**	**-**	**-**	**-**	**-**
		(1,044.13)	-	-	-	-
5	Other Income	**170.35**	**-**	**-**	**-**	**-**
		(116.03)	-	-	-	-
6	Contract revenue	**-**	**-**	**-**	**-**	**5,569.82**
		-	-	-	-	(17,570.12)
7	Guarantee commission income	**-**	**9.93**	**-**	**-**	**-**
		-	(10.45)	-	-	-
8	Managerial remuneration	**-**	**-**	**-**	**776.44**	**-**
		-	-	-	(756.98)	-
II.	**Balance as on 31 March 2020**					
1	Trade receivables#	**300.03**	**322.69**	**1.29**	**-**	**7,557.23**
		(114.47)	(346.29)	(67.19)	-	(8,459.55)
2	Liabilities at the end of the year	**1,032.67**	**-**	**-**	**271.87**	**48.98**
		(1,663.84)	-	-	(354.00)	(27.41)
3	Loans and advances given	**20.24**	**20,739.39**	**11,994.97**	**-**	**3,068.37**
		(20.24)	(16,528.11)	(16,297.42)	-	(438.37)
4	Advance taken from clients^	**-**	**3,644.11**	**-**	**-**	**1,141.85**
		-	(3,644.11)	-	-	(2,275.37)
5	Investments	**-**	**31,811.85**	**9,826.62**	**-**	**-**
		-	(31,811.85)	(9,826.62)	-	-

Note:

#Trade receivables

Trade receivables herein are gross amount before adjustment of advances received from clients

Terms and conditions of transactions with related parties - The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. For year ended 31 March 2020, the company has not recorded any specific impairment of receivables relating to the amounts owned by related parties (31 March 2019: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

^Advances taken from clients herein are gross amount before adjustment of trade receivables.

All balances oustanding with the related parties are unsecured.

Figures shown in brackets represent corresponding amounts of previous year.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

32 Related party disclosure (Contd..)

Key management personnel compensation comprised the following:

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Short-term employee benefits	455.58	362.08
Post-employment benefits	36.24	28.90
Sitting fee	12.75	12.00
Commission	271.87	354.00
Total	**776.44**	**756.98**

The terms and conditions of transactions with related parties were no more favourable than those available, or which might be expected to be available, in similar transactions with non related parties on an arm's length basis.

33 Micro and small enterprises

The amount outstanding to Micro, Small and Medium Enterprises is based on the information received and available with the company :

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Principal amount and interest due thereon remaining unpaid to supplier at the end of the accounting year (refer note 13 (c) and 13 (e))	3,474.54	1,168.00
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED, 2006	-	-
Amount of interest accrued and remaining unpaid at the end of each accounting year, and	47.91	62.70
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

34 Information as required under Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015, and section 186(4) of the Companies Act 2013 with regard to Loans to Subsidiaries which are without interest and having no repayment schedule are as under:

(Currency: Indian rupees in lakhs)

Subsidiary Companies	As at 31 March 2020	Maximum balance during the year	As at 31 March 2019	Maximum balance during the year
1 Brijbhoomi Expressway Private Limited	3,346.74	3,346.74	3,081.74	3,381.74
2 Wainganga Expressway Private Limited	9,177.10	9,177.10	7,233.31	7,233.31
3 Vindhyachal Expressway Private Limited	8,134.85	8,134.85	6,141.85	6,141.85
4 JMC Mining and Quarries Limited	71.20	71.20	71.20	71.20

Note :

1 For details of Investment made by the Company refer note : 6 (a). For details of gurantees given refer note : 25.

2 All loans given and guarantees provided are for the purposes of the business.

35 Financial instruments - Fair values and risk management

A. Risk management framework

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

The Company has exposure to the following risks arising from financials instruments :

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk (including currency and interest rate risk)

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes provision for expected credit loss and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

In assessing the recoverability of receivables and other financial assets, the Company has considered internal and external information upto the date of approval of these financial statements. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

35 Financial instruments - Fair values and risk management (Contd..)

A. Risk management framework (Contd..)

(i) Credit risk (Contd..)

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers (including retention money) is as follows:

(Currency: Indian rupees in lakhs)

Particulars	Carrying amount	
	31 March 2020	31 March 2019
Neither past due nor impaired	26,747.56	2,656.11
Past due but not impaired		
Upto 180 days	38,460.72	59,557.72
From 181 days to 1 year	16,800.81	25,797.41
From 1 year to 2 years	14,929.89	7,501.87
From 2 year to 3 years	3,964.66	2,292.34
Above 3 years	5,245.03	4,440.77
	106,148.67	**102,246.22**

Expected credit loss assessment for customers as at the reporting date

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. The impairment loss at 31 March 2020 mainly due to time value of money.

On the above basis, the Company estimates the following provision matrix at the reporting date on:

(a) Trade receivables

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
	Default rate	Default rate
Upto 180 days	1.04%	0.21%
From 181 days to 1 year	6.90%	5.03%
From 1 year to 2 years	13.97%	16.56%
From 2 year to 3 years	43.45%	64.05%
Above 3 years	100.00%	100.00%

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

35 Financial instruments – Fair values and risk management (Contd..)

A. Risk management framework (Contd..)

(i) Credit risk (Contd..)

(b) Retention debtors

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020 Default rate	31 March 2019 Default rate
From 1 year to 2 years	6.24%	6.24%
From 2 year to 3 years	12.04%	12.04%
Above 3 years	19.31%	19.31%

Accrued value of work done

As at 31 March 2020 and 31 March 2019, the Company has accrued value of work done and amounts due on account of construction contracts. The Company has recognised a provision of INR 1,752.32 lakhs (31 March 2019: INR 1,607.14 lakhs). Apart from the provision recognised, the Company does not perceive any credit risk pertaining to accrued value of work done and amount due on account of construction contract.

The movement in the provision for expected credit loss in respect of trade receivables (including retention money) and accrued value of work done during the year is as follows:

(Currency: Indian rupees in lakhs)

Particulars	Trade receivables*	Accrued value of work done
Balance as at 1 April 2018	6,524.00	1,220.14
Provision recognised	393.64	387.00
Amount utilised	(269.02)	–
Balance as at 31 March 2019	6,648.62	1,607.14
Provision recognised	2,139.82	145.18
Amount utilised	(2,242.35)	–
Balance as at 31 March 2020	**6,546.09**	**1,752.32**

*Includes retention money receivable

Cash and cash equivalents

The Company held cash and cash equivalents which comprises of :

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Balance with banks	4,519.89	7,543.12
in demand deposits (with less than 3 months of original maturity)	–	111.95
Cash on hand	48.38	36.68
Total cash and cash equivalents	**4,568.27**	**7,691.75**

The credit worthiness of such banks is evaluated by the management on an ongoing basis and is considered to be good.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

35 Financial instruments - Fair values and risk management (Contd..)

A. Risk management framework (Contd..)

(i) Credit risk (Contd..)

Derivatives

The derivatives are entered into with credit worthy banks and financial institution counterparties. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good.

Guarantees

The Company's policy is to provide financial guarantee only for its subsidiaries' liabilities. At 31 March 2020 and 31 March 2019, the Company has issued guarantees to certain banks in respect of credit facilities granted to subsidiaries.

Security deposits given to lessors

The Company has given security deposit to lessors for premises leased by the Company as at 31 March 2020 and 31 March 2019. The Company monitors the credit worthiness of such lessors where the amount of security deposit is material.

Loans, investments in group companies

During the year ended 31 March 2020, the Company has given unsecured loans to its subsidiaries and joint venture. The Company does not perceive any credit risk pertaining to loans given to subsidiaries except on the loan given to Kurukshetra Expressway Private Limited, Joint Venture Company. As required by Indian Accounting Standard 109 "Financial Instruments", Management has performed an impairment assessment of the recoverable amount based on discounted cash flows, which have been determined by external valuation experts. The determination of the discounted cash flows involves significant management judgement and estimates on the valuation methodology and various assumptions including related to growth rates, discount rates, etc. Further, management believes that the above assessment based on value in use appropriately reflects the recoverable amount of loans. Based on this assessment and the valuation reports obtained from independent valuer, provision for expected credit loss has been recognised in the standalone statement of profit and loss amounted to INR 7,947.06 lakhs on the loans given to its joint venture.

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds in the form of loans from banks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

35 Financial instruments - Fair values and risk management (Contd..)

A. Risk management framework (Contd..)

(ii) Liquidity risk (Contd..)

As of 31 March 2020, the Company had working capital (Total current assets - Total current liabilities) of INR 77,905.34 lakhs including cash and cash equivalents of INR 4,568.27 lakhs. These cash and cash equivalents include investments in term deposits (i.e. bank certificates of deposits having original maturities of less than 3 months) of INR NIL. As of 31 March 2019, the Company had working capital of INR 88,028.81 lakhs, including cash and cash equivalents of INR 7,691.75 lakhs. These cash and cash equivalents include investments in term deposits (i.e. bank certificates of deposits having original maturities of less than 3 months) of INR 111.95 lakhs.

Exposure to liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

*all non derivative financial liabilities

*net and gross settled derivative financial instruments for which the contractual maturites are essential for the understanding of the timing of the cash flows.

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020					
		Contractual cash flows				
	Carrying amount	Total	0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	84,953.96	97,106.97	41,231.88	19,327.06	36,548.03	-
Trade payables (dues of micro enterprises and small enterprises)	3,288.10	3,288.10	3,288.10	-	-	-
Trade payables (dues of creditors other than micro enterprises and small enterprises)	127,263.94	127,263.94	112,974.95	9,515.79	4,773.20	-
Lease liabilities	3,893.18	4,326.40	1,866.79	1,491.65	967.96	-
Other financial liabilities	23,457.04	23,457.04	23,435.42	21.62	-	-

(Currency: Indian rupees in lakhs)

Particulars	31 March 2019					
		Contractual cash flows				
	Carrying amount	Total	0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	76,565.39	83,763.44	37,792.27	17,876.91	28,094.26	-
Trade payables (dues of micro enterprises and small enterprises)	1,168.00	1,168.00	1,168.00	-	-	-
Trade payables (dues of creditors other than micro enterprises and small enterprises)	130,181.11	130,181.11	116,056.44	3,813.36	10,314.31	-
Other financial liabilities	22,822.44	22,822.44	22,797.82	24.62	-	-

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

35 Financial instruments - Fair values and risk management (Contd..)

A. Risk management framework (Contd..)

(iii) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

(a) Currency risk

The fluctuation in foreign currency exchange rates may have potential impact on the profit and loss account and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the entity.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in U.S. dollar, Euro, Ethiopian Birr and Sri Lankan Rupee against the respective functional currencies of the Company and its branches.

The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange and interest rate exposure. The Company does not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020				31 March 2019		
	USD	EUR	ETB	LKR	USD	ETB	LKR
Trade receivables	-	-	2,011.64	66.56	-	1,700.65	706.27
Payables for Capital Goods	-	-	(0.76)	-	-	(27.71)	-
Trade payables	(614.16)	(174.65)	(1,162.02)	(157.84)	(123.22)	(1,876.84)	(117.63)
Net statement of financial position exposure	**(614.16)**	**(174.65)**	**848.86**	**(91.28)**	**(123.22)**	**(203.90)**	**588.64**

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

35 Financial instruments - Fair values and risk management (Contd..)

A. Risk management framework (Contd..)

(iii) Market risk (Contd..)

(a) Currency risk (Contd..)

Sensitivity analysis

A 10% strenghtening / weakening of the respective foreign currencies with respect to functional currency of Company would result in increase or decrease in profit or loss and equity as shown in table below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The following analysis has been worked out based on the exposures as of the date of balance sheet.

(Currency: Indian rupees in lakhs)

Effect in INR lakhs	Profit or loss	
	Strengthening	Weakening
31 March 2020		
USD	(61.42)	61.42
EUR	(17.46)	17.46
ETB	84.89	(84.89)
LKR	(9.13)	9.13
	(3.12)	**3.12**

(Currency: Indian rupees in lakhs)

Effect in INR lakhs	Profit or loss	
	Strengthening	Weakening
31 March 2019		
USD	(12.32)	12.32
ETB	(20.39)	20.39
LKR	58.86	(58.86)
	26.15	**(26.15)**

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rates relates to fixed deposits and borrowings from financial institutions. The company manages its interest rate risk arising from foreign currency floating rate loans by using interest rate swaps as hedges of variability in cash flows attributable to interest rate risk.

For details of the Company's short-term and long term loans and borrowings, including interest rate profiles, refer to Note 13 (a) & 13 (b) of these standalone financial statements.

Interest rate sensitivity - fixed rate instruments

The company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in IND AS 107, since neither the carrying amount nor the future cash flow will fluctuate because of a change in market interest rates.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

35 Financial instruments - Fair values and risk management (Contd..)

A. Risk management framework (Contd..)

(iii) Market risk (Contd..)

(b) Interest rate risk (Contd..)

Interest rate sensitivity - variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased equity and profit or loss by amounts shown below. This analyses assumes that all other variables, in particular, foreign currency exchange rates, remain constant. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the year.

(Currency: Indian rupees in lakhs)

	Profit or (loss)	
	100 bp increase	**100 bp decrease**
As at 31 March 2020		
Secured		
Non-Convertible Debentures (NCDs)	(158.40)	158.40
Rupee Loans - From Banks	(200.37)	200.37
Rupee Loans - From NBFC's	(120.90)	120.90
Vehicle loans	(1.06)	1.06
Working Capital Loans Repayable on Demand from Banks	(231.37)	231.37
	(712.10)	**712.10**
Unsecured		
Non-Convertible Debentures (NCDs)	(101.32)	101.32
Rupee Loans - From Banks	(34.38)	34.38
Rupee Loans - From NBFC's	(1.75)	1.75
	(137.45)	**137.45**
Sensitivity (net)	**(849.55)**	**849.55**

(Currency: Indian rupees in lakhs)

	Profit or (loss)	
	100 bp increase	**100 bp decrease**
As at 31 March 2019		
Secured		
Non-Convertible Debentures (NCDs)	(158.21)	158.21
Rupee Loans - From Banks	(146.00)	146.00
Rupee Loans - From NBFC's	(131.26)	131.26
Vehicle loans	(1.51)	1.51
Working Capital Loans Repayable on Demand from Banks	(267.89)	267.89
	(704.87)	**704.87**
Unsecured		
Rupee Loans - From Banks	(60.78)	60.78
Rupee Loans - From NBFC's	-	-
	(60.78)	**60.78**
Sensitivity (net)	**(765.65)**	**765.65**

(Note: The impact is indicated on the profit/loss and equity before tax basis).

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

35 Financial instruments - Fair values and risk management (Contd..)

B. Fair values

(i) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value. A substantial portion of the company's long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Accordingly, the carrying value of such long-term debt approximates fair value.

(Currency: Indian rupees in lakhs)

31 March 2020	Carrying amount of financial assets/ liabilities				Fair value			
	Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
Financial assets								
(i) Investments	41,638.49	-	-	41,638.49	-	-	-	-
(ii) Trade receivables	99,602.58	-	-	99,602.58	-	-	-	-
(iii) Loans	44,491.81	-	-	44,491.81	-	-	-	-
(iv) Cash and cash equivalents	4,568.27	-	-	4,568.27	-	-	-	-
(v) Bank balances other than above	814.67	-	-	814.67	-	-	-	-
(vi) Others	5,476.71	-	-	5,476.71	-	-	-	-
	196,592.53	**-**	**-**	**196,592.53**	**-**	**-**	**-**	**-**
Financial liabilities								
(i) Borrowings	84,953.96	-	-	84,953.96	-	-	-	-
(ii) Trade payables (dues of micro enterprises and small enterprises)	3,288.10	-	-	3,288.10	-	-	-	-
(iii) Trade payables (dues of creditors other than micro enterprises and small enterprises)	127,263.94	-	-	127,263.94	-	-	-	-
(iv) Lease liabilities	3,893.18	-	-	3,893.18	-	-	-	-
(v) Other financial liabilities	23,457.04	-	-	23,457.04	-	-	-	-
	242,856.22	**-**	**-**	**242,856.22**	**-**	**-**	**-**	**-**

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

35 Financial instruments - Fair values and risk management (Contd..)

B. Fair values (Contd..)

(i) Accounting classification and fair values (Contd..)

(Currency: Indian rupees in lakhs)

31 March 2019	Carrying amount of financial assets/ liabilities				Fair value			
	Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
Financial assets								
(i) Investments	41,638.49	-	-	41,638.49	-	-	-	-
(ii) Trade receivables	95,597.60	-	-	95,597.60	-	-	-	-
(iii) Loans	36,428.88	-	-	36,428.88	-	-	-	-
(iv) Cash and cash equivalents	7,691.75	-	-	7,691.75	-	-	-	-
(v) Bank balances other than above	8.53	-	-	8.53	-	-	-	-
(vi) Others	3,478.24	-	-	3,478.24	-	-	-	-
	184,843.49	**-**	**-**	**184,843.49**	**-**	**-**	**-**	**-**
Financial liabilities								
(i) Borrowings	76,565.39	-	-	76,565.39	-	-	-	-
(ii) Trade payables (dues of micro enterprises and small enterprises)	1,168.00	-	-	1,168.00	-	-	-	-
(iii) Trade payables (dues of creditors other than micro enterprises and small enterprises)	130,181.11	-	-	130,181.11	-	-	-	-
(iv) Other financial liabilities	22,822.44	-	-	22,822.44	-	-	-	-
	230,736.94	**-**	**-**	**230,736.94**	**-**	**-**	**-**	**-**

(ii) Measurement of fair values

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position as well as the significant unobservable inputs used.

Financial instruments measured at fair value

(Currency: Indian rupees in lakhs)

Type	Valuation technique
Retention receivables and payable	Discounted cash flow approach: The valuation model considers the present value of expected payment, discounted using a risk adjusted discount rate

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

35 Financial instruments - Fair values and risk management (Contd..)

C. Master netting

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 March 2020 and 31 March 2019.

(Currency: Indian rupees in lakhs)

Particulars	Effects of offsetting on the balance sheet	Related amounts not offset	
	Gross amounts	Financial instrument collateral	Net amount
31 March 2020			
Financial assets			
(i) Investments	41,638.49	-	41,638.49
(ii) Trade receivables	99,602.58	-	99,602.58
(iii) Cash and cash equivalents	4,568.27	-	4,568.27
(iv) Bank balances other than above	814.67	-	814.67
(v) Loans	44,491.81	-	44,491.81
(vi) Others	5,476.71	-	5,476.71
Total	**196,592.53**	**-**	**196,592.53**
Financial liabilities			
(i) Borrowings	84,953.96	-	84,953.96
(ii) Trade payables (dues of micro enterprises and small enterprises)	3,288.10	-	3,288.10
(iii) Trade payables (dues of creditors other than micro enterprises and small enterprises)	127,263.94	-	127,263.94
(iv) Lease liabilities	3,893.18		3,893.18
(v) Other financial liabilities	23,457.04	-	23,457.04
Total	**242,856.22**	**-**	**242,856.22**

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

35 Financial instruments - Fair values and risk management (Contd..)

C. Master netting (Contd..)

(Currency: Indian rupees in lakhs)

Particulars	Effects of offsetting on the balance sheet	Related amounts not offset	
	Gross amounts	Financial instrument collateral	Net amount
31 March 2019			
Financial assets			
(i) Investments	41,638.49	-	41,638.49
(ii) Trade receivables	95,597.60	-	95,597.60
(iii) Cash and cash equivalents	7,691.75	(1,983.09)	5,708.66
(iv) Bank balances other than above	8.53	-	8.53
(v) Loans	36,428.88	-	36,428.88
(vi) Others	3,478.24	-	3,478.24
Total	**184,843.49**	**(1,983.09)**	**182,860.40**
Financial liabilities			
(i) Borrowings	76,565.39	(1,983.09)	74,582.30
(ii) Trade payables (dues of micro enterprises and small enterprises)	1,168.00	-	1,168.00
(iii) Trade payables (dues of creditors other than micro enterprises and small enterprises)	130,181.11	-	130,181.11
(iv) Other financial liabilities	22,822.44	-	22,822.44
Total	**230,736.94**	**(1,983.09)**	**228,753.85**

Offsetting arrangements

(i) Derivatives

The Company enters into derivative contracts for hedging future sales. In general, under such agreements, the amounts owed by each counterparty on a single day in respect of all the transactions outstanding in the same currency are aggregated into a single net amount that is payable/receivable by one party to the other.

(ii) Short term borrowings are secured against the inventory, cash and cash equivalents and trade receivables.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

36 Operating segments

The Company is primarily engaged in the business of Engineering, Procurement & Construction (EPC) relating to infrastructure sector comprising of Buildings and Factories, Roads, Bridges, Water pipe lines, Metro, Power, Railways etc. Information reported to and evaluated regularly by the chief operating decision maker (CODM) for the purposes of resource allocation and assessing performance focuses on the business as a whole and accordingly, in the context of operating segment as defined under Indian Accounting Standard 108 "Operating Segments" there is a single reportable segment "Infrastructure EPC".

A. Geographical information

i) Revenue

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
India	358,893.66	314,983.01
All foreign countries		
Ethiopia	12,400.71	9,858.29
Sri Lanka	8.64	444.32
Total	371,303.01	325,285.62

ii) Non-current assets*

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
India	101,660.59	90,202.31
All foreign countries		
Ethiopia	3,507.52	4,019.00
Sri Lanka	36.87	120.67
Total	105,204.98	94,341.98

*Non-current assets exclude trade receivables, deferred tax assets and employee benefits assets.

B. Information about major customers

Revenues from one customer of India represented approximately INR 52,703.88 lakhs (31 March 2019: INR 56,802.71 lakhs) of the Company's total revenues.

37 Loans and borrowings

Breach of loan covenants

Under the terms of the major borrowing facilities, the company is required to comply with the few financial covenants. The company has complied with these covenants throughout the year ended 31 March 2020.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

38 Proposed dividend

The Board of Directors at its meeting held on 19 May 2020 have recommended a payment of final dividend of INR 0.70/- per share (31 March 2019 : INR 0.70/- per share) of face value of INR 2.00/- each for the financial year ended 31 March 2020 (31 March 2019 : INR 2.00/- per share). The same amounts to INR 1,175.34 lakhs (31 March 2019 : INR 1,175.34 lakhs).

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

39 Disclosure as per Ind AS 115

(a) The Company undertakes Engineering, Procurement and Construction business. The type of work in the contracts with the customers involve construction, engineering, designing, supply of materials, development of system, installation, project management, operations and maintenance etc. During the previous year the Company has recognised the cumulative effect of applying Ind AS 115 as an adjustment to the opening balance at 1 April 2018.

(b) Disaggreagtion of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical area.

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Primary geographical markets		
India	358,893.66	314,983.01
Ethiopia	12,400.71	9,858.29
Sri Lanka	8.64	444.32
Total	**371,303.01**	**325,285.62**

(c) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Receivables which are included in trade and other receivables net off provision (refer note : 35 (A) (i))	99,602.58	95,597.60
Contract assets		
- Amount due from customers on construction contract	37,385.24	32,349.59
- Accrued value of work done net off provision (refer note : 35 (A) (i))	69,497.15	65,993.67
Contract liabilities		
- Amount due to customers under construction contracts	16,046.88	6,910.97
- Advance from clients	59,583.79	56,185.80

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

39 Disclosure as per Ind AS 115 (Contd..)

(c) Contract balances (Contd..)

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers for construction for which revenue is recognised over time.

Amount due from customers on construction contract represents the gross unbilled amount expected to be collected from customers for contract work performed till date. It is measured at cost plus profit recognised till date less progress billings and recognised losses when incurred.

Amount due to customers under construction contracts represents the excess of progress billings over the revenue recognised (cost plus attributable profits) for the contract work performed till date.

Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activity based on normal operating capacity.

Significant changes in contract asset and contract liabilities balances during the year are as follows:

(Currency: Indian rupees in lakhs)

Particulars		31 March 2020	31 March 2019
Due from contract customers:			
At the beginning of the reporting period (Para 116 (a))		32,349.59	26,377.65
Cost incurred plus attributable profits on contracts-in-progress		496,569.89	854,975.68
Progress billings made towards contracts-in-progress		(491,534.24)	(849,003.74)
Due from contract customers impaired during the reporting period (Para 118)		-	-
Significant change due to other reasons (Eg. Business acquisition etc.)		-	-
At the end of the reporting period (Para 116 (a))	(A)	37,385.24	32,349.59
Due to contract customers:			
At the beginning of the reporting period (Para 116 (a))		(6,910.97)	(8,165.18)
Revenue recognised that was classified as due to contract customers at the beginning of the reporting period (Para 116 (b))		456,208.11	245,879.86
Progress billings made towards contracts-in-progress		(465,344.02)	(244,625.65)
Significant change due to other reasons (Para 118)		-	-
(Eg. Business acquisition etc.)			
At the end of the reporting period (Para 116 (a))	(B)	(16,046.88)	(6,910.97)
Total	**(A+B)**	**21,338.36**	**25,438.62**

As on 31 March 2020, revenue recognised in the current year from performance obligations satisfied/ partially satisfied in the previous year is INR NIL (31 March 2019 : INR NIL).

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

39 Disclosure as per Ind AS 115 (Contd..)

(d) Performamce obligation

The Company undertakes Engineering, Procurement and Construction business. The ongoing contracts with customers are for construction of highways, water pipeline projects, construction of residential & commercial buildings, and others. The type of work in these contracts involve construction, engineering, designing, supply of materials, development of system, installation, project management, operations & maintenance etc.

The Company evaluates whether each contract consists of a single performance obligation or multiple performance obligations. Contracts where the Company provides a significant integration service to the customer by combining all the goods and services are concluded to have a single performance obligations. Contracts with no significant integration service, and where the customer can benefit from each unit on its own, are concluded to have multiple performance obligations. In such cases consideration is allocated to each performance obligation, based on standalone selling prices. Where the Company enters into multiple contracts with the same customer, the Company evaluates whether the contract is to be combined or not by evaluating factors such as commercial objective of the contract, consideration negotiated with the customer and whether the individual contracts have single performance obligations or not.

The Company recognises contract revenue over time as the performance creates or enhances an asset controlled by the customer. For such arrangements revenue is recognised using cost based input methods. Revenue is recognised with respect to the stage of completion, which is assessed with reference to the proportion of contract costs incurred for the work performed at the balance sheet date relative to the estimated total contract costs.

Any costs incurred that do not contribute to satisfying performance obligations are excluded from the Company's input methods of revenue recognition as the amounts are not reflective of our transferring control of the system to the customer. Significant judgment is required to evaluate assumptions related to the amount of net contract revenues, including the impact of any performance incentives, liquidated damages, and other forms of variable consideration.

If estimated incremental costs on any contract, are greater than the net contract revenues, the Company recognises the entire estimated loss in the period the loss becomes known.

Variations in contract work, claims, incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Company recognises revenue from Operations and Maintenance services using the time-elapsed measure of progress i.e input method on a straight line basis.

The following table includes revenue to be recognised in future related to performance obligations that are unsatisfied (or partially satisfied) as at 31 March 2020:

(Currency: Indian rupees in lakhs)

Particulars	Mar-21	Mar-22	2023-2026	Total
Contract revenue	466,170.66	358,220.01	69,222.23	893,612.90
Total	**466,170.66**	**358,220.01**	**69,222.23**	**893,612.90**

The Company applies practical expedient in paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

39 Disclosure as per Ind AS 115 (Contd..)

(e) Reconciliation of revenue recognised in the standalone statement of profit and loss

The following table discloses the reconciliation of amount of revenue recognised as at 31 March 2020:

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Contract price of the revenue recognised	371,303.01	325,285.62
Add: Performance bonus	-	-
Add: Incentives	-	-
Less: Liquidated damages	-	-
Revenue recognised in the standalone statement of profit and loss	**371,303.01**	**325,285.62**

(f) The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' effective 1 April 2018. Hence, during the previous year, the Company has elected the option of the modified retrospective approach and there was no material impact on the measurement of revenue and retained earnings as of 1 April 2018. The presentation of certain contract related balances have been changed in the previous year and presented the same in compliance with the requirements of Ind AS 115.

40 Disclosure as per Ind AS 116

The Company has applied Ind AS 116, which replaces Ind AS 17 Leases and the related interpretations from 1 April 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1 April 2019. Accordingly, the comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard and continues to be reported under Ind AS 17 Leases.

1. As a lessee

a. Right-of-use assets

Property, plant and equipment' comprises owned and leased assets that do not meet the definition of investment property. The rights of use asset for lease assets is recognised under the following heads

(Currency: Indian rupees in lakhs)

Particulars	Gross block				Depreciation				Net block
	Recognised on the date of Transition to Ind AS 116	Additions	Deductions	As at 31 Mar 2020	Recognised on the date of Transition to Ind AS 116	For the Year	Deductions	As at 31 Mar 2020	As at 31 Mar 2020
Office building	1,219.45	2,568.18	(698.38)	3,089.25	-	749.92	(308.40)	441.52	2,647.73
Store building	722.84	713.21	(52.90)	1,383.15	-	524.83	(25.47)	499.36	883.79
Plant and equipments	328.91	-	-	328.91	-	85.81	-	85.81	243.10
Total right-of-use assets	**2,271.20**	**3,281.39**	**(751.28)**	**4,801.31**	**-**	**1,360.56**	**(333.87)**	**1,026.69**	**3,774.62**

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

40 Disclosure as per Ind AS 116 (Contd..)

1. As a lessee (Contd..)

b. Lease liabilities

(Currency: Indian rupees in lakhs)

Particulars	As at 31 March 2020
Maturity analysis – contractual undiscounted cash flows	
Less than one year	1,866.79
One to five years	2,459.61
More than five years	–
Total undiscounted lease liabilities at 31 March 2020	**4,326.40**

Lease liabilities included in the standalone balance sheet at 31 March 2020

(Currency: Indian rupees in lakhs)

Current	1,603.94
Non-current	2,289.24

c. Amounts recognised in standalone statement of profit or loss

(Currency: Indian rupees in lakhs)

Particulars	For the year 2019-2020
Interest on lease liabilities	211.08

d. Amounts recognised in the standalone statement cash flows

(Currency: Indian rupees in lakhs)

Particulars	For the year 2019-2020
Total cash outflow for leases	1,541.37

e. Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

40 Disclosure as per Ind AS 116 (Contd..)

2. Change in accounting policy

Impacts on financial statements

On transition to Ind AS 116, the company recognised INR 2,271.20 lakhs of right-of-use assets and INR 2,420.99 lakhs of lease liabilities.

When measuring lease liabilities, the company discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 9%.

(Currency: Indian rupees in lakhs)

Particulars	1 April 2019
Operating lease commitment at 31 March 2019	2,895.08
Discounted using the incremental borrowing rate at 1 April 2019	(474.09)
Finance lease liabilities recognised as at 31 March 2019	**2,420.99**

41 Disclosure in respect of security created on assets of the company against borrowings

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Property, plant and equipment	46,374.81	45,213.38
Inventories	24,120.94	24,805.91
Trade receivables	99,602.58	95,604.58
Cash and cash equivalents	4,568.27	7,691.75
Bank balances other than above	814.67	-
Other current assets	135,084.72	1,06,843.62
Total security created on assets	**310,565.99**	**2,80,159.24**

Notes to the Standalone Financial Statements (Contd..)

for the year ended 31 March 2020

42 Capital management

The Company's objectives when managing capital are to :

(i) safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) Maintain an optimal capital structure to reduce the cost of capital.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders.

The Company monitors capital using a ratio of 'net debt' (total borrowings net of cash and cash equivalents) to 'total equity' (as shown in the balance sheet).

The Company's policy is to keep the ratio below 2.00. The Company's net debt to equity ratios are as follows.

(Currency: Indian rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Net debt (total borrowings including interest - cash and cash equivalents)	80,385.69	68,873.64
Total equity	96,991.49	92,327.77
Net debt to equity ratio	**0.83**	**0.75**

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of JMC Projects (India) Limited
CIN: L45200GJ1986PLC008717

Vikas R Kasat
Partner
Membership No: 105317

Shailendra Kumar Tripathi
CEO & Dy. Managing Director
DIN : 03156123

Manish Mohnot
Non-executive Director
DIN : 01229696

Samir Raval
Company Secretary
Membership No. FCS-7520

Vardhan Dharkar
Chief Financial Officer
Membership No.040385

Mumbai
19 May 2020

Mumbai
19 May 2020