NOTES FORMING PART OF THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Company Background

Nesco Limited ("Nesco" or "the Company") was incorporated on 15 April 1946, under the Indian Companies Act VII of 1913. The Company is domiciled in India having registered office at Nesco Center, Western Express Highway, Goregaon (East), Mumbai 400063 and listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

The Company is mainly engaged in the following:

i) Licencing premises in IT park buildings and providing related services.
ii) Licencing premises for exhibitions and providing services to the organisers.
iii) Manufacturing of machines and capital equipment.
iv) Hospitality and catering services

Note 1 - Basis of Preparation of Financial Statements

a) Compliance with Ind AS:

These financial statements have been prepared in compliance with Indian Accounting Standards (Ind-AS) notified under Section 133 of the Companies Act 2013 (The Act), read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of the accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

b) Current / Non-Current Classification:

Any asset or liability is classified as current if it satisfies any of the following conditions: -

i) The asset / liability is expected to be realised / settled in the Company's normal operating cycle.
ii) The asset is intended for sale or consumption.
iii) The asset/liability is held primarily for the purpose of trading.
iv) The asset/liability is expected to be realised / settled within twelve months after the reporting period.
v) The asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting cycle.
vi) In the case of a liability, the Company does not have an unconditional right to defer settlement of a liability for at least twelve months after the reporting cycle.

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing their realisation in cash and cash equivalents.

c) Functional and Presentation Currency:

The Financial Statements are presented in Indian rupees which is the functional currency for the Company. 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 are recognised in profit or loss. Foreign exchange gains and losses are presented in the statement of profit and loss on a net basis.

d) Rounding of Amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of schedule III, unless otherwise stated.

Note 2- Significant Accounting Policies

a) Property, Plant and Equipment:

Freehold land is carried at historical cost. All other items of property, plant and equipment are carried at the historical cost, less accumulated depreciation, and accumulated impairment losses if any. The cost of Property, Plant and Equipment comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.

Subsequent recognition is done in assets carrying amount or as a separate asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Profit or Loss on disposal of Property, Plant and Equipment is recognised in the Statement of Profit and Loss. All other repairs and maintenance expenses are charged to profit or loss during the reporting period in which they are incurred.

Expenses incurred on property, plant and equipment, net of income earned during the under-development stage prior to its intended use, are disclosed under Capital Work-in-progress.

b) Investment Property:

Investment properties are properties that are held to earn rentals and /or for capital appreciation and not occupied by the Company for its own use. Investment properties are measured initially at cost, including transaction costs and net of recoverable taxes. The cost includes the cost of replacing parts and borrowing costs if recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment properties are derecognized either when they have been disposed of or when they are being occupied by the Company for its own use or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

c) Depreciation methods, estimated useful lives and residual value:

Depreciation on Property, Plant and Equipment and Investment Property is provided using the Straight-Line Method based on the useful life of the assets as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimate of the useful life of the assets has been assessed based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. The estimated useful life of Property, Plant and Equipment is mentioned below:

Asset Class	Years
Factory Buildings	30
Buildings (other than Factory Buildings)	60
Plant and Equipment	15
Electrical Installations	10
Patterns and Mouldings	8
Kitchen Equipment	5

Furniture and Fixtures and Office equipment: -	
-Office furniture	10
-Computers	3
-Office equipment	5
Vehicles	10

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortised over the period of the lease. Depreciation Methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

d) Non-Current Assets held for sale:

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortised.

e) Intangible assets:

Intangible Assets are stated at cost of acquisition less accumulated amortization and accumulated impairment, if any. Amortization is done over their estimated useful life on straight line basis from the date that they are available for intended use, subjected to impairment test. Purchase cost and consultancy fees for major software are amortized over the useful life of the software. Software, which is not an integral part of the related hardware is classified as an intangible asset and is amortized over the useful life of 6 years.

f) Impairment of Assets:

At each balance sheet date, the Company's carrying amount of assets are reviewed to determine whether there is any indication of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any.

g) Inventories:

Raw materials, work in progress, stores and spares and finished goods are valued at the lower of cost or net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis.

In determining the cost of raw materials, packing material and stores and spares, weighted average method is used.

Cost of work in progress and finished goods comprises direct materials, direct labour, and an appropriate share of manufacturing overheads.

Cost of Inventories comprises of costs of purchase, cost of conversion, duties, and taxes (other than those refundable), inward freight and all other costs incurred in bringing them to their respective present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

h) Financial Instruments:

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.

1. Investments and other Financial Assets:

(i) Classification:

The Company classifies its financial assets in following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on entity's business model for managing financial assets and the contractual terms of cash flow.

(ii) Initial recognition and measurement:

At initial recognition, the Company measures a financial asset at fair value, plus in case of a financial asset not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transactions costs of financial assets carried at fair value through profit and loss are expensed in profit or loss.

(iii) Financial Assets measured at amortised cost:

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. A gain or loss on such an instrument is recognised in profit or loss. Interest income from these financial assets is included in other income using effective interest method. The losses arising from impairment are recognised in the Statement of Profit and Loss.

(iv) Financial Assets measured at fair value through other comprehensive income (FVTOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where represent solely payments of principal and interest, are measured at fair value initially as well as at each reporting date through other comprehensive income. Fair value movements in the carrying amount are recognized in the other comprehensive income, except for the recognition of impairment of gains and losses, interest revenue and foreign exchange gain or loss which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(v) Financial Assets measured at fair value through profit or loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVTOCI are measured initially as well as at each reporting date at fair value through profit or loss as other income. Income from these financial assets is included in other income.

(vi) Investment in Subsidiary and Associates:

Investment in equity instruments of Subsidiaries and Associates are measured at cost in accordance with the option available in Ind AS 27, "Separate Financial Statements".

Investment in subsidiary and associate companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in economic environment.

(vii) Investment in Equity Instruments:

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI.

Fair value changes in case of the equity instruments classified as FVTOCI are recognised in the Other Comprehensive Income. There is no subsequent reclassification of gains and losses from other comprehensive income to profit or loss.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains / (losses) in the statement of profit and loss. Dividend from such investments is recognised in profit and loss as other income when the Company's right to receive payments is established. Impairment loss (and reversal of impairment loss) on equity instruments measured at FVTOCI are not accounted separately from other changes in fair value.

(viii) Investment in Debt Instruments:

A debt instrument is measured at amortised cost or at FVTPL. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

(ix) Impairment of Financial Assets:

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

(x) De-recognition of Financial Assets:

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

A financial asset is derecognised only when the Company –

- has transferred the right to receive cash flows from the financial asset or
- retains contractual rights to receive the cash flows of the financial asset, but assumes contractual obligation to pay the cash flows to one or more recipients or
- does not retain the control of the financial asset or
- does not have continuing involvement in the financial asset.

When the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of financial assets. In such cases, financial asset is derecognised. When the entity has not transferred substantially all risks and rewards of ownership of financial asset, the financial asset is not derecognised.

(xi) Income recognition:

Interest income from debt instruments is recognised using effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When computing effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments.

Dividends are recognised in profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be measured reliably.

2. Financial Liabilities:

i) Classification:

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss.

ii) Initial recognition and measurement:

All financial liabilities that are classified as to be subsequently measured not at Fair value through Profit and Loss (FVTPL), are recognised initially at fair value, being transaction price net of directly attributable transaction costs. Financial liabilities include trade and other payables, security deposits etc.

iii) Subsequent measurement:

All Financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. The EIR amortisation is included as finance costs in the statement of profit and loss.

iv) De-recognition of Financial Liabilities:

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

3. Offsetting Financial Instruments:

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

i) Provisions and Contingencies:

A provision is recognised, if as a result of a past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the 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 the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are not recognised but disclosed in the Financial Statements when economic inflow is probable.

j) Segment Reporting:

Operating segments have been identified on the basis of the nature of business activities from which the Company earns revenues or incurs expenses and for which discrete financial information is available. The Management monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The Operating segments have been identified on the basis of the nature of products / services.

1. Segment revenue includes sales and other income directly identifiable with/ allocable to the segment including inter-segment revenue.

2. Expenses that are directly identifiable with/ or allocable to segments are considered for determining the segment result. Expenses which relate the Company as a whole and not allocable to segments are included in un-allocable expenditure.

3. Income which relates to the Company as a whole and not allocable to segments is included in un-allocable income.

4. Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

   Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

k) Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

Recognition of revenue from major business activities:

1. Revenue from Industrial Capital Goods Division operations includes sale of manufactured machines and capital equipment, engineering fees, services, and other charges. Revenue from sale of goods is recognized when all the control on the goods have been transferred to the buyer as per the terms of the contracts and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods.
2. Revenue from Bombay Exhibition Centre operations includes income from renting of halls for exhibitions, events and providing other related services to the organisers. Revenue from such renting activity and the related services is recognised in the accounting period in which the event occurs.
3. Revenue from IT Park operations includes income of renting of office space in IT park and providing related services to IT /ITES companies.
4. Interest income is recognised using effective interest method and dividend income is recognised when the right to receive the payment is established.

l) Income tax:

Income tax expense comprises current tax and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

1. Current tax:

Current tax comprises of 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 the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

- has a legally enforceable right to set off the recognised amounts; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. Deferred tax:

Deferred tax is recognized for the future tax consequences of deductible temporary differences between the carrying values of assets and liabilities and their respective tax bases at the reporting date, using the tax rates and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax relating to items recognised in other comprehensive income and directly in equity is recognised in correlation to the underlying transaction.

Deferred tax assets and liabilities are offset only if:

- Entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- Deferred tax assets and the deferred tax liabilities relate to the income taxes levied by the same taxation authority.

m) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, Balances with Banks, 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.

n) Trade Receivables:

Trade receivables are non-interest bearing and receivable in normal operating cycle. Trade receivables are recognised initially at fair value (that is transaction price on initial recognition) and subsequently measured at amortised cost using effective interest method, less provision for impairment.

o) Leases

The Company's lease asset classes primarily consist of license for land for office premises. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 01 April 2020.

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 end of the lease term.
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 Company's incremental borrowing rate. 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 profit or loss if the carrying amount of the right of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than Rs. 1,00,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

Leases as 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 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 a 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. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'revenue from operation'.

p) 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

q) Employee Benefits:

1. Short term obligations:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

2. Other long term employee obligations:

Entitlements to annual leave are recognized when they accrue to employees. Annual leave can either be availed or encashed at the time of separation or retirement subject to a restriction on the maximum number of 42 days of accumulation of leave. The Company determines the liability for such accumulated leaves using the Projected Unit Credit method with actuarial valuations being carried out at each Balance Sheet date.

3. Post-employment obligations:

The Company operates the following post-employment schemes.

i) Defined benefit plans (gratuity):

The Company has unfunded defined benefit gratuity plan for employees.

Recognition and measurement of Defined Benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability / (asset) comprising actuarial gains and losses are recognized in Other Comprehensive Income. Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Company presents the above liability/(asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary.

ii) Defined contribution plans such as provident fund:

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. 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 expenses 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.

r) Proposed Dividend:

The final dividend recommended by the Board of Directors is accounted in the financial year in which it is approved by the shareholders in the Annual General Meeting.

s) Recent Accounting pronouncements:

There are no new accounting pronouncements that are applicable from 01st April.2021.

Note 3- Key Accounting Estimates and Judgements:

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

This note provides an overview of the areas that involved a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

a) Income Taxes:

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

b) Property, Plant and Equipment and Investment Property:

Property, Plant and Equipment and Investment Property represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

c) Defined Benefit Obligation:

The costs of providing other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed since assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.

d) Fair value measurement of Financial Instruments:

When the fair values of financials assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

e) Estimates of uncertainties relating to the global health pandemic from COVID-19:

The Company has considered the possible effects that may result from the pandemic relating to COVID -19 on the carrying amounts of receivables, investments etc. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 4 - Property, Plant and Equipment

Changes in carrying value of Property, Plant and Equipment for the year ended 31 March 2021

(₹ in lakhs)

Particulars	Freehold land	Freehold building*	Plant and machinery	Electrical Installations	Furniture, fixture & office equipment	Vehicles	Total
Opening gross carrying amount	**638.23**	**4,611.57**	**4,096.04**	**1,344.49**	**778.86**	**438.73**	**11,907.93**
Additions	-	0.88	15.64	-	47.13	8.53	72.19
Deductions / Adjustments	-	-	-	-	(0.37)	(1.28)	(1.67)
Closing gross carrying amount (A)	**638.23**	**4,612.45**	**4,111.68**	**1,344.49**	**825.62**	**445.99**	**11,978.44**
Opening accumulated depreciation	-	446.01	1,347.27	407.39	421.88	198.75	2,821.31
Depreciation during the year	-	127.03	288.23	128.37	104.00	45.23	692.87
Deductions / Adjustments	-	-	-	-	(0.29)	(0.65)	(0.94)
Closing accumulated depreciation and impairment (B)	**-**	**573.04**	**1,635.50**	**535.76**	**525.60**	**243.34**	**3,513.24**
Net carrying amount (A-B)	**638.23**	**4,039.41**	**2,476.18**	**808.73**	**300.02**	**202.64**	**8,465.20**

Changes in carrying value of Property, Plant and Equipment for the year ended 31 March 2020

(₹ in lakhs)

Particulars	Freehold land	Freehold building*	Plant and machinery	Electrical Installations	Furniture, fixture & office equipment	Vehicles	Total
Opening gross carrying amount	**638.23**	**4,400.41**	**3,717.50**	**1,361.88**	**694.93**	**437.93**	**11,250.88**
Additions	-	211.16	178.89	185.00	89.21	0.80	665.06
Deductions / Adjustments	-	-	199.65	(202.39)	(5.28)	-	(8.02)
Closing gross carrying amount (A)	**638.23**	**4,611.57**	**4,096.04**	**1,344.49**	**778.86**	**438.73**	**11,907.93**
Opening accumulated depreciation	-	323.30	944.43	330.79	305.55	150.31	2,054.38
Depreciation during the year	-	122.71	357.08	122.42	120.11	48.44	770.76
Deductions / Adjustments	-	-	45.76	(45.82)	(3.78)	-	(3.84)
Closing accumulated depreciation and impairment (B)	**-**	**446.01**	**1,347.27**	**407.39**	**421.88**	**198.75**	**2,821.31**
Net carrying amount(A-B)	**638.23**	**4,165.57**	**2,748.77**	**937.10**	**356.98**	**239.98**	**9,086.62**

* Freehold Buildings include Karamsad factory which is situated on land taken on rent from Mr. Sumant J. Patel, Executive Chairman

Note 4a - Capital work-in-progress

(₹ in lakhs)

Particulars	Property Plant & Equipment		Investment Property		Total	
	As at 31 March		As at 31 March		As at 31 March	
	2021	2020	2021	2020	2021	2020
Plant & Machinery	211.26	-	237.65	-	448.92	-
Freehold Building	3,193.00	67.97	922.84	62.47	4,115.84	130.44
Electrical Installations	5.59	-	337.24	-	342.83	-
Furniture, fixture & office equipment	-	-	165.46	-	165.46	-
Total	**3,409.86**	**67.97**	**1,663.19**	**62.47**	**5,073.05**	**130.44**

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 5 - Investment Property

Changes in carrying value of Investment property for the year ended 31 March 2021

(₹ in lakhs)

Particulars	Freehold building	Plant and machinery	Electrical Installations	Furniture, fixture & office equipment	Total
Opening gross carrying amount	62,635.48	3,271.58	4,829.31	602.96	71,339.33
Additions	472.22	72.72	161.05	33.57	739.56
Deductions / Adjustments	-	-	0.01	0.02	0.03
Closing gross carrying amount (A)	**63,107.70**	**3,344.30**	**4,990.37**	**636.55**	**72,078.92**
Opening accumulated depreciation	1,565.82	546.60	777.83	175.58	3,065.82
Depreciation during the year	1,019.42	226.52	514.02	75.66	1,835.62
Deductions / Adjustments	-	-	-	-	-
Closing accumulated depreciation and impairment (B)	**2,585.24**	**773.12**	**1,291.85**	**251.24**	**4,901.44**
Net carrying amount (A-B)	**60,522.46**	**2,571.18**	**3,698.52**	**385.32**	**67,177.48**

Changes in carrying value of Investment property for the year ended 31 March 2020

(₹ in lakhs)

Particulars	Freehold building	Plant and machinery	Electrical Installations	Furniture, fixture & office equipment	Total
Opening gross carrying amount	10,834.48	1,284.01	704.81	872.54	13,695.83
Additions	51,527.19	1,987.57	4,123.63	5.11	57,643.50
Deductions / Adjustments	273.81	-	0.87	(274.69)	-
Closing gross carrying amount (A)	**62,635.48**	**3,271.58**	**4,829.31**	**602.96**	**71,339.33**
Opening accumulated depreciation	708.82	363.71	365.42	165.20	1,603.15
Depreciation during the year	805.59	182.89	412.41	61.79	1,462.68
Deductions / Adjustments	51.41	-	-	(51.41)	-
Closing accumulated depreciation and impairment (B)	**1,565.82**	**546.60**	**777.83**	**175.58**	**3,065.82**
Net carrying amount	**61,069.66**	**2,724.98**	**4,051.49**	**427.38**	**68,273.51**

Note:-

The fair value of freehold building as at 31 March 2021 is ₹ 3,53,326.16 lakhs (PY ₹ 3,51,157.58 Lakhs) which is based on Stamp Duty Ready Reckoner published by Government of India every year.

The Company has no restrictions on the realisability of its investment properties.

The amount recognised in the Statement of Profit and Loss :-

(₹ in lakhs)

Particulars	Amount
1) Rental income from Investment Property	24,606.29
2) Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	2,284.03
3) Direct operating expenses (including repairs and maintenance) arising from investment property that did not generated rental income during the period	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 6 - Other Intangible Assets
Changes in carrying value of Other Intangible Assets for the year ended 31 March 2021

(₹ in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening gross carrying amount	280.65	-
Additions	6.94	272.63
Deductions / Adjustments	(0.01)	8.02
Closing gross carrying amount(A)	**287.58**	**280.65**
Opening accumulated depreciation	14.10	-
Depreciation during the year	44.50	10.32
Deductions / Adjustments	-	3.78
Closing accumulated depreciation and impairment (B)	**58.60**	**14.10**
Net carrying amount (A-B)	**228.98**	**266.55**

Note 7 - Investments

(₹ in lakhs)

Particulars		31.03.2021 Carrying Value		31.03.2020 Carrying Value
A) Investments - Non-Current				
Unquoted				
Investment in Equity Instruments - Subsidiaries measured at cost		26.10		26.10
Other Investment measured at cost	1.03		1.03	
Less:- Provision for Diminuation in value of investments	(1.03)	-	(1.03)	-
Total		**26.10**		**26.10**
Quoted				
Investment carried at fair value through OCI				
Fully paid equity shares		16.62		8.93
Total		**16.62**		**8.93**
Investment in Mutual Funds carried at fair value through profit and loss				
Fixed Maturity Plans		4,366.90		10,825.40
Debt Funds		14,460.09		14,643.60
Short Term Debt Funds		15,036.63		14,808.03
Balanced Funds		724.26		813.40
Equity Funds		122.50		269.25
Total		**34,710.38**		**41,359.68**
Investment carried at amortised cost				
Corporate Deposits		400.00		1,415.00
Non Convertible Debentures and Bonds		32,719.22		18,506.00
Preference Shares		700.00		1,925.62
Total		**33,819.22**		**21,846.62**
Total Non Current Investments		**68,572.31**		**63,241.33**
Total aggregate amount of quoted and unquoted investment at cost		**62,837.74**		**59,082.99**
Aggregate amount of impairment in value of investments		**1.03**		**1.03**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	31.03.2021 Carrying Value	31.03.2020 Carrying Value
B) Investments - Current		
Investment in Mutual Funds carried at fair value through profit and loss		
Fixed Maturity Plans	7,367.22	-
Debt funds - ultra short term bond funds	3,868.69	3,908.98
Investment carried at amortised cost		
Non Convertible Debentures and Bonds	819.77	100.00
Corporate Deposits	400.00	-
Total	**12,455.69**	**4,008.98**
Total Current Investments	**12,455.69**	**4,008.98**
Total aggregate amount of Quoted and Unquoted Investment at Cost	**10,619.77**	**3,800.00**
Aggregate amount of impairment in value of investments	**-**	**-**

Particulars		As at 31 March 2021	As at 31 March 2020
Note 8	**Loans (Unsecured, Considered Good)**		
	Security Deposits with Public Bodies	433.56	431.56
		433.56	**431.56**
Note 9	**Other Non Current Financial Assets**		
	Lease Rental Receivables	7,216.49	5,244.49
		7,216.49	**5,244.49**
Note 10	**Non Current Tax Assets (Net)**		
	Advance Payment of Income Tax (Net)	1,509.91	1,419.42
		1,509.91	**1,419.42**
Note 11	**Other non current assets**		
	Capital Advances	903.66	502.80
	Other Long Term Advances	1,399.70	1,272.68
		2,303.36	**1,775.48**
Note 12	**Inventories (At lower of cost and net realisable value)**		
	Raw Materials	511.11	487.16
	Work in Progress	199.53	347.57
	Stores and Spares	24.67	21.37
		735.30	**856.10**
Note 13	**Trade Receivables**		
	a) Unsecured - Considered Good	2,959.69	1,657.23
	b) Credit Impaired	134.18	129.76
		3,093.87	1,786.99
	Less:-Allowances for Doubtful Trade Receivables	(134.18)	(129.76)
		2,959.69	**1,657.23**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	As at 31 March 2021	2020
Note 14 Cash and Bank Balances		
a) Cash and cash equivalents		
Balances With Banks in Current Accounts	323.39	621.65
Cash On Hand	0.02	11.79
	323.41	**633.44**
b) Other balances with banks		
Bank Deposits With Less Than 12 Months of Original Maturity	59.14	75.77
Unclaimed Dividend **	200.24	310.82
	259.38	**386.59**

**The Company can utilise these balances only towards settlement of unclaimed dividend.

Particulars	2021	2020
Note 15 Other financial assets (Current)		
Deposits (Others)	51.50	62.72
Other Receivables	2,199.38	1,651.91
	2,250.88	**1,714.63**
Note 16 Other current assets		
Advance Recoverable in Cash Or Kind	125.65	141.71
Balances with Government Authorities		
Sales Tax and GST	673.99	704.42
Advances to Suppliers	525.99	270.26
Advance to Staff	16.45	22.41
Other Receivables	570.19	402.15
	1,912.29	**1,540.95**

Note 17- Equity Share Capital

(₹ in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Share Capital		
Authorised		
7,37,50,000 Equity Shares of ₹ 2 each		
(Previous year 7,37,50,000 Equity Shares of ₹ 2 each)	1,475.00	1,475.00
2,50,000 Preference Shares of ₹ 10 each		
(Previous year 2,50,000 Preference Shares of ₹ 10 each)	25.00	25.00
Total	**1,500.00**	**1,500.00**
Issued, Subscribed and Paid up Capital		
7,04,59,960 Equity Shares of ₹ 2 each, fully paid up		
(Previous year 7,04,59,960 Equity Shares of ₹2 each)	1,409.20	1,409.20
Total	**1,409.20**	**1,409.20**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

a) Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2021 Equity Shares		As at 31 March 2020 Equity Shares	
	Number	₹	Number	₹
At the beginning of the year	7,04,59,960	14,09,19,920	7,04,59,960	14,09,19,920
Add: Issued during the year	-	-	-	-
At the end of the year	7,04,59,960	14,09,19,920	7,04,59,960	14,09,19,920

b) Terms / Rights Attached to Equity Shares

The Company has only one class referred to as equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. Payment of dividend is also made in foreign currency to shareholders outside India.

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

c) Proposed Divided

The Board of Directors at its meeting held on 28 May 2021 have recommended a payment of dividend of ₹3.00 (Rupees Three) per equity share of face value ₹2 each for the financial year ended 31 March 2021 amounting to ₹ 2,113.80 lakhs and subject to approval at the ensuing AGM of the Company and hence is not recognized as a liability.

d) Details of Shareholders holding more than 5% Equity Shares in the company - @

Name of Shareholders	As at 31 March 2021		As at 31 March 2020	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Chandler & Price India Pvt. Ltd.	1,95,84,718	27.80	1,94,61,542	27.62
Mr. Sumant J. Patel	88,67,335	12.58	88,67,335	12.58
Patel Consultancy Services Pvt. Ltd.	53,62,500	7.61	53,35,000	7.57
Mrs. Sudha S. Patel	45,74,720	6.49	45,74,720	6.49
Engineering Global Pte Limited	44,72,000	6.35	44,72,000	6.35

@ As per the records of the Company, including its register of members

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 18 - Other Equity

Particulars	Reserves and Surplus			Equity Instru-ments through OCI	Other items of Other Compre-hensive Income	Total Other Equity
	Retained Earnings	Preference Shares Redemp-tion Reserve	General Reserve			
Balance as at 01 April 2019 (A)	**50.00**	**9.56**	**1,15,296.23**	**14.47**	**-**	**1,15,370.26**
Additions during the year						
Profit for the year	23,379.00	-	-	-	-	23,379.00
Items of OCI for the year, net of tax						
Remeasurement of Defined Benefit Plans - Net of Tax	(11.26)	-	-	-	-	(11.26)
Net Fair Value Gain/(Loss) on Investment in Equity Instruments Through Other Comprehensive Income	-	-	-	(5.59)	-	(5.59)
Total Comprehensive Income for the year 2019-20 (B)	**23,367.74**	**-**	**-**	**(5.59)**	**-**	**23,362.15**
Reductions during the year						
Dividend	(3,875.33)	-	-	-	-	(3,875.33)
Income tax on dividend	(796.58)	-	-	-	-	(796.58)
Total (C)	**(4,671.91)**	**-**	**-**	**-**	**-**	**(4,671.91)**
Transfers during the year						
Retained earnings transferred to General reserve	(18,695.83)	-	18,695.83	-	-	-
Total (D)	**(18,695.83)**	**-**	**18,695.83**	**-**	**-**	**-**
Balance as at 31 March 2020 E = (A+B+C+D)	**50.00**	**9.56**	**1,33,992.06**	**8.88**	**-**	**1,34,060.50**
Additions during the year						
Profit for the year	17,249.92	-	-	-	-	17,249.92
Items of OCI for the year, net of tax						
Remeasurement of Defined Benefit Plans - Net of Tax	(78.13)	-	-	-	-	(78.13)
Net Fair Value Gain/(Loss) on Investment in Equity Instruments Through Other Comprehensive Income	-	-	-	7.69	-	7.69
Total Comprehensive Income for the year 2020-21 (F)	**17,171.79**	**-**	**-**	**7.69**	**-**	**17,179.48**
Transfers during the year						
Retained earnings transferred to General reserve	(17,171.79)	-	17,171.79	-	-	-
Total (G)	**(17,171.79)**	**-**	**17,171.79**	**-**	**-**	**-**
Balance as at 31 March 2021 H = (E+F+G)	**50.00**	**9.56**	**1,51,163.85**	**16.57**	**-**	**1,51,239.98**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Description of nature and purpose of each reserve

General Reserve	This reserve was created from time to time by way of transfer profits from retained earnings for appropriation purposes.General Reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income
Equity Instruments through Other Comprehensive Income	This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevicable option, net of amounts reclassified to retained earnings when such assets are disposed off
Preference Shares Redemption Reserve	This reserve was created for redemption of preference shares
Other Comprehensive Income	This represents cumulative gain and losses on revaluation of long term employee benefits
Retained Earnings	Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders

(₹ in lakhs)

Particulars		As at 31 March 2021	As at 31 March 2020
Note 19	**Other financial liabilities (Non Current)**		
	Security Deposits from IT Park Licencees and Others	10,559.83	9,793.11
		10,559.83	**9,793.11**
Note 20	**Provisions (Non Current)**		
	a) Provision for Employee benefits (Refer Note 43)		
	Gratuity	291.75	172.22
	Leave Encashment	74.40	37.57
	b) Compensation Payable (Refer Note 47)	171.36	171.36
		537.50	**381.15**
Note 21	**Deferred tax liabilities (Net)**		
	Opening Balance	2,596.22	1,792.75
	Difference between written down value of fixed assets as per the Companies Act, 2013 and Income tax Act,1961	165.48	(206.02)
	Provision for expenses allowed for tax purpose on payment basis	(257.49)	7.07
	Difference in carrying value and tax base of investments measured at FVTPL	736.51	(79.67)
	Allowance of doubtful debts and advances	10.76	6.26
	Lease Equalisation Reserve assets	368.03	1,069.59
	Remeasurement of the defined benefit plan through OCI	(32.52)	6.24
		3,586.99	**2,596.22**
	(Refer Note 44 "Income Taxes" for further details)		
Note 22	**Other non-current liabilities**		
	Advance Lease Rentals	2,311.37	2,362.97
		2,311.37	**2,362.97**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars		As at 31 March 2021	As at 31 March 2020
Note 23	**Other financial liabilities (Current)**		
	Unclaimed dividend	200.24	310.82
	Payable to Employees	46.36	32.70
	Payable towards Capital Expenditure	2,377.49	1,091.15
	Security Deposits	909.07	1,232.60
	Other Payables	2,145.10	1,146.59
		5,678.26	**3,813.86**
Note 24	**Other current liabilities**		
	a) Revenue received in advance		
	Advance from Customers	4,686.21	3,762.90
	b) Others		
	Statutory Payables		
	Payable Towards VAT	-	0.34
	Payable Towards GST	215.51	282.00
	Payable Towards TDS / TCS	574.18	705.32
	Payable Towards PF / ESIC /PT	10.08	12.80
		5,485.98	**4,763.36**
Note 25	**Provisions (Current)**		
	Provision for Employee benefits (Refer Note 43)		
	Gratuity	15.63	27.83
	Leave Encashment	7.77	6.93
	Provision for Warranty (Refer Note 47)	12.99	16.80
		36.39	**51.56**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars		For the year 2020-2021	2019-2020
Note 26	**Revenue from Operations.**		
	a) Sale of Products		
	Sales of Machines and Spares	2,508.54	2,220.44
	b) Sale of Services		
	Bombay Exhibition Centre (Rental and Services)	595.11	15,860.11
	Nesco IT Park (Rental and Services)	24,605.87	21,416.82
	Hospitality Services	1,314.07	3,568.41
	Engineering fees, services and other charges	85.86	106.99
		29,109.44	**43,172.77**
Note 27	**Other income**		
	Interest Income	2,278.97	563.03
	Dividend from Mutual Fund Investments	55.02	43.57
	Net Gain Arising on Financial Assets Measured at FVTPL	3,887.19	3,490.19
	Net Gain Arising on Redemption of Bonds	29.43	-
	Sundry Creditors/liabilities written back (net)	86.43	16.85
	Other Miscellaneous Income	119.29	125.42
		6,456.33	**4,239.06**
Note 28	**Cost of Materials Consumed**		
	Opening Stock	487.16	444.53
	Add: Purchases	1,578.00	1,804.80
		2,065.16	**2,249.33**
	Less: Closing Stock	511.11	487.16
	Cost of Materials Consumed	**1,554.05**	**1,762.17**
Note 29	**Changes in Inventories of finished goods and work in progress**		
	Opening Stock of work-in-progress	347.57	441.15
	Less: Closing Stock of work in progress	(199.53)	(347.57)
		148.04	**93.58**
Note 30	**Employee Benefits expense**		
	Salaries and Wages	1,498.66	1,847.23
	Contribution to Provident and other funds	60.50	79.05
	Gratuity (Refer note 43)	36.56	38.50
	Staff welfare expenses	4.05	26.47
		1,599.77	**1,991.25**
Note 31	**Finance Costs**		
	Interest on Financial Liabilities Carried at Amortised Cost	805.33	582.85
	Bank Charges & Guarantee Commission	8.29	11.78
	Others	8.34	7.76
		821.96	**602.39**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars		For the year 2020 - 2021		For the year 2019 - 2020
Note 32 Other Expenses				
Consumption of Stores and Spares		105.43		120.84
Power, Fuel & Electricity		365.28		1,597.32
Contract Manpower		846.95		1,155.55
Repairs and maintenance of :				
- Buildings & Property	230.83		889.55	
- Plant & Machinery	129.49		177.23	
- Other Assets	398.71	759.03	238.10	1,304.88
Printing, Stationery, Postage and Communication expenses		25.28		75.74
Rent		33.27		39.70
Hire Charges		48.14		269.07
Catering and Other operating supplies		107.92		133.62
Rates and Taxes		1,651.84		784.35
Water Charges		24.70		152.06
Advertisement and Sales Promotion		93.44		98.21
Membership and Subscription		6.04		6.32
Insurance		107.62		88.59
Housekeeping and Other Office Expenses		86.08		225.56
Exchange loss on foreign currency transactions		1.28		0.54
Travelling, Conveyance and vehicle expenses		56.26		120.91
Payment to Auditors:-				
- Audit Fees	20.75		20.63	
- Certification work	0.31	21.06	0.50	21.13
Legal & professional fees		340.41		1,407.84
Event Expenses		31.69		759.42
CSR Expenses		543.89		501.09
Donation		0.25		16.91
Freight and handling charges		73.22		45.52
Commission to Directors		1,110.00		1,800.00
Directors' sitting fees		27.25		20.95
Security charges		56.84		164.80
Bad Debts / Sundry Balance Written Off		289.26		208.43
Allowance for Doubtful Bad Debts and Deposits		(50.33)		64.41
Provision for Diminution in value of investments		-		2.51
Commission & Brokerage		423.91		196.28
Software and IT Expenses		33.30		65.57
Miscellaneous Expenses		14.70		48.41
		7,234.01		**11,496.53**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 33 Category wise classification of financial instruments

The carrying value of financial instruments by categories as of 31 March 2021 is as follows (₹ in lakhs)

Financial Assets / Financial Liabilities	Amortised cost	Fair Value through profit or loss	Fair Value through other comprehensive income	Total carrying value
Financial Assets				
Investments				
Equity Instruments	-	-	16.62	16.62
Mutual Funds	-	45,946.29	-	45,946.29
Corporate Deposits, Non-convertible Debentures, Bonds and Preference Shares	35,038.99	-	-	35,038.99
Other Investments	26.10	-	-	26.10
Trade Receivables	2,959.69	-	-	2,959.69
Cash and Cash Equivalents	323.41	-	-	323.41
Other Balances with Banks	259.38	-	-	259.38
Loans / Sundry Deposits	433.56	-	-	433.56
Other financial assets	9,467.36	-	-	9,467.36
Total Financial Assets	**48,508.49**	**45,946.29**	**16.62**	**94,471.40**
Financial Liabilities				
Trade Payables	1,058.85	-	-	1,058.85
Other financial liabilities	16,238.09	-	-	16,238.09
Total Financial Liabilities	**17,296.93**	**-**	**-**	**17,296.93**

The carrying value of financial instruments by categories as of 31 March 2020 is as follows (₹ in lakhs)

Financial Assets / Financial Liabilities	Amortised cost	Fair Value through profit or loss	Fair Value through other comprehensive income	Total carrying value
Financial Assets				
Investments				
Equity Instruments	-	-	8.93	8.93
Mutual Funds	-	45,268.66	-	45,268.66
Corporate Deposits, Non-convertible Debentures, Bonds and Preference Shares	21,946.62	-	-	21,946.62
Other Investments	26.10	-	-	26.10
Trade Receivables	1,657.23	-	-	1,657.23
Cash and Cash Equivalents	633.44	-	-	633.44
Other Balances with Banks	386.59	-	-	386.59
Loans / Sundry Deposits	431.56	-	-	431.56
Other financial assets	6,959.12	-	-	6,959.12
Total Financial Assets	**32,040.66**	**45,268.66**	**8.93**	**77,318.25**
Financial Liabilities				
Trade Payables	1,460.38	-	-	1,460.38
Other financial liabilities	13,606.97	-	-	13,606.97
Total Financial Liabilities	**15,067.35**	**-**	**-**	**15,067.35**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

(₹ in lakhs)

Particulars	As of 31 March 2021	Fair value hierarchy at the end of the reporting period/year using		
		Level 1	Level 2	Level 3
Investments in Equity Instruments	16.62	16.62	-	-
Investments in Mutual Funds	45,946.29	45,946.29	-	-

Particulars	As of 31 March 2020	Fair value hierarchy at the end of the reporting period/year using		
		Level 1	Level 2	Level 3
Investments in Equity Instruments	8.93	8.93	-	-
Investments in Mutual Funds	45,268.66	45,268.66	-	-

Financial instrument measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the company did not anticipate that the carrying amounts would be significantly different from the values that would be received or settled.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 34 - Financial Risk Management:

Financial Risk Factors:

The Company's financial liabilities comprises mainly of trade payables and other payables. The company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Company's activities are exposed to Market risk, credit risk and liquidity risk. The Company has set up Risk Management Committee to minimize any adverse effects of the risk exposure on the financial performance of the Company.

The Board has been monitoring the risks that the Company is exposed to due to outbreak of COVID 19 closely. The Board has taken all necessary actions to mitigate the risks identified basis the information and situation present.

1. Market Risk:

Market risk comprises of three types of risk: Currency Risk, Interest rate Risk and Other Price Risk.

a. Foreign Currency Risk:

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate due to changes in foreign currency exchange rates. The carrying amounts of the Company's foreign currency denominated monetary items are as follows:

(₹ in lakhs)

Particulars	Liabilities		Assets	
Currency	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
USD	NIL	NIL	1.04	0.81
EURO	NIL	NIL	NIL	2.72
OMR	NIL	NIL	NIL	0.08

The Company has not entered into any forward contract during the year ended 31 March 2021 and 31 March 2020.The Company has not entered into any forward instrument for trades or speculation purpose.

b. Interest Rate Risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has NIL interest bearing borrowings, the exposure to risk of changes in market interest rate is NIL. The Company has not used any interest rate derivatives.

c. Other Price Risk:

Other Price risk is the risk that fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from both financial assets such as investments in equity instruments and bonds.

The Company invests in units of mutual funds including Fixed Maturity Plans, various debt Funds and Equity funds, and hence exposed to Other Price risk. Company's Treasury dept. manages investments portfolio diversification in order to minimize risk and ongoing monitoring of market prices of investments.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2. Credit Risk:

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss. Trade receivables are typically unsecured and are derived from customers from four operations Nesco IT Park lease, Bombay Exhibition Centre (BEC) revenue, sale of Industrial Capital Goods and Nesco Foods.

The maximum exposure to credit risk on account of trade receivables, at the reporting date is ₹2,959.69 lakhs and ₹1,657.23 lakhs as on 31 March 2021 and 31 March 2020 respectively

The Company minimizes credit risk relating to IT Park lease and BEC business as follows:

- The Company obtains security deposits from IT Park lessees and entitled to terminate lease agreement in case lessee makes defaults in payment of lease for a period of two consecutive months.
- BEC customers are required to pay advance and place refundable security deposit with the Company.
- Hospitality customers are required to pay advances to the Company.

Whereas, in case of trade receivables from Industrial Capital Goods division for sale of machineries, credit risk is managed through credit approvals, establishing credit limits, and continuously monitored by creditworthiness of customers to whom, credit terms are granted in normal course of business.

The Company takes into account available credit risk factors as Company's historical experience for customers, customers' standing for credit defaults in market.

The allowance for lifetime expected credit loss on customer balances as on 31 March 2021 and 31 March 2020 was ₹134.18 lakhs and ₹129.76 lakhs, respectively.

(₹ in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Balance at the beginning	129.76	119.46
Loss allowance measured at lifetime expected credit losses	4.41	10.30
Balance at the end	134.18	129.76

Credit risk of financial assets other than Trade receivables:

- Investments in mutual fund schemes are marked to market on ongoing basis, which is major part of total Non-current and current investments.
- Long term loans and advances include deposits with local authorities, electricity Board, electricity companies etc.
- Cash and Cash equivalents are balances with Public and Private Banks.
- Other current assets include lease rentals receivables and deposits with more than 12 months maturities with Public and Private Banks and Earnest Money Deposits with Govt. customer.

Credit risk arising from investment in mutual funds, financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognized financial institutions with high credit ratings assigned by the international credit rating agencies.

The allowance for lifetime expected credit loss on current license and other fees receivables as on 31 March 2021 and 31 March 2020 was ₹61.74 lakhs and ₹54.10 lakhs, respectively.

(₹ in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Balance at the beginning	54.10	NIL
Loss allowance measured at lifetime expected credit losses	7.64	54.10
Balance at the end	61.74	54.10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. Liquidity Risk:

The Company's principal sources of liquidity are cash and cash equivalents, Balances and cash flows that are generated from business. The Company does not have any borrowings. The Company believes that their working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The Company manages the liquidity risk by maintaining adequate cash and cash equivalent ₹323.41 lakhs and ₹633.44 lakhs as on 31 March 2021 and 31 March 2020 respectively

The table below provides details regarding the contractual maturities of significant financial liabilities as on 31 March 2021:

(₹ in lakhs)

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Other financial liabilities (non-current)				
Security deposit from IT Park licensees and others	-	10,559.83	-	10,559.83
Other financial liabilities (current)				
Security deposit from licensees and customers	909.07	-	-	909.07
Trade Payables	1,058.85	-	-	1,058.85
Other financial liabilities	4,769.18	-	-	4,769.18

Details regarding contractual maturities of significant financial liabilities as on 31 March 2020:

(₹ in lakhs)

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Other financial liabilities (non-current)				
Security deposit from IT Park licensees and others	-	9,793.11	-	9,793.11
Other financial liabilities (current)				
Security deposit from licensees and customers	1,232.60	-	-	1,232.60
Trade Payables	1,460.38	-	-	1,460.38
Other financial liabilities	2,581.26	-	-	2,581.26

4. Risk due to Outbreak of COVID 19 Pandemic

The outbreak of COVID 19 pandemic globally and in India has severely impacted businesses and economies. The disruption to regular business operations continues due to the measures taken to curb the impact of the pandemic from time to time, since start of it. The Company has considered external and internal information in assessing the impact of COVID 19 on various elements of its financial statements, including recoverability of its assets as at the Balance Sheet date.

Capital Management

For the purpose of the Company's capital management, capital includes issued capital, and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As of 31 March 2021, the Company has only one class of shares referred to as Equity Shares and has nil debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long-term financial plans.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 35 - Contingent Liabilities and Commitments:

1 Income tax demand disputed by the Company ₹139 lakhs (previous year ₹130.35 lakhs)

2 Claims against the Company not acknowledged as debts ₹2,053.65 lakhs (previous year ₹1,393.64 lakhs)

3 Estimated value of contracts remaining to be executed on capital account and not provided for is ₹2,623.35 lakhs (previous year ₹1,919.16 lakhs) against which an advance of ₹903.66 lakhs (previous year ₹502.80 lakhs) has been paid

4 Indian Bank Guarantees given by bank on Company's behalf ₹721.95 lakhs (Previous year ₹701.43 lakhs).

Note 36 - Disclosure under the MSMED Act 2006:

Disclosure under the MSMED Act 2006 is provided as under for the year 2020-21, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

(₹ in lakhs)

Particulars	As At	
	31 March 2021	31 March 2020
1. Principal amount and the interest due thereon remaining unpaid in each supplier at the end of each accounting year (but within due date as per the MSMED Act) Principal amount due to Micro and Small Enterprise	196.49	37.83
Interest due on above	-	0.72
2. Interest paid by the company in terms of Section 16 of the MSMED Act 2006, along- with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
3. Interest due and payable for the period of the delay in making payment (which have been paid but beyond the appointed day during the period), but without adding interest specified under the MSMED Act 2006	0.43	-
4. The amount of interest accrued and remaining unpaid at the end of each accounting year	1.15	0.72
5. Interest due and remaining payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprises	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified based on information collected by the Management. This has been relied upon by the auditors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 37 - Details of Hedged and Unhedged exposure in foreign currency denominated monetary items.

a) Exposure in Foreign Currency- Hedged: - The company has not entered into any foreign exchange contract. The Company does not enter into any derivative instruments for trading or speculative purpose.

b) Exposure in Foreign Currency – Un Hedged: - The foreign currency exposure not hedged as on 31 March 2021 are as under

(₹ in lakhs)

Currency	Payables		Receivables	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
USD	NIL	NIL	1.04	0.81

Note 38 - Disclosure as per Section 186 of the Companies Act, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

a) Details of Investments made are given in Note 7.

b) There are no loans given to any related party during the year.

c) There are no guarantees issued by the Company in accordance with Section 186 of the Companies Act, 2013 read with rules issued thereunder

Note 39 - Corporate Social Responsibility expense:

1. Gross amount required to be spent by the Company during the year 2020-21 ₹ 537.37 lakhs (Previous year ₹484.34 lakhs) towards CSR activities prescribed under Schedule VII of the Companies Act, 2013.

2. Amounts spent during the year on:

(₹ in lakhs)

Nature of activities	Year 2020-2021			Year 2019-2020		
	In Cash**	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
Promoting Education: -						
i) Construction of school	170.44	143.73	314.17	185.49	-	185.49
ii) Purpose other than i) above	183.45	46.27	229.72	315.60	-	315.60
Total	**353.89**	**190.00**	**543.89**	**501.09**	-	**501.09**

3. Related party transactions in relation to Corporate Social Responsibility

Nature of activities	Year 2020-2021			Year 2019-2020		
	In Cash**	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
Related party transactions	9.84	-	9.84	0.61	-	0.61

** Represents actual outflow during the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 40 - Leases:

Pursuant to Ind AS 116 – Leases, following information is disclosed:

Company as Lessor:

Ind AS 116 "Leases" requires the lessor to recognize income from operating leases on a straight-line basis over the lease term which includes rent free period. Thus, contracted lease rental income including future escalation is straight lined over the lease term. This has resulted in recognizing unearned lease income amounting to ₹2,088.77 lakhs for the year ended 31 March 2021.

The Company has entered into operating leases on its Investment Property located at Byculla and Goregaon IT Park premises:

Future minimum rentals receivable under these non-cancellable operating leases are, as follows:

(₹ in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Within one year	23,026.17	18,098.54
After one year but not more than five years	51,345.07	56,572.59
More than 5 years	110.12	68.76

There is no contingent rent receivable from lessees under the lease agreements.

Lease income recognized during the year in Statement of profit and loss is ₹24,606.29 lakhs (previous year ₹21,416.82 lakhs)

Company as Lessee:

The Company has taken factory land at Karamsad, Gujarat under non-cancellable Operating Lease. These lease rentals are payable by the Company on a monthly basis. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than ₹ 1,00,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term. There is no contingent rent payable to lessors under the lease agreements.

The Future minimum rentals payable within one year under non-cancellable operating leases are ₹17.93 lakhs (PY ₹19.50 lakhs)

Lease payment recognized in statement of profit and loss is ₹33.27 lakhs (Previous year ₹39.70 lakhs)

Note 41 - Earnings per share:

Particulars	2020-21	2019-20
Profit after Tax as per statement of Profit and Loss (₹in lakhs)	17,249.92	23,379.00
Weighted average Number of equity shares outstanding during the years	7,04,59,960	7,04,59,960
Basic and diluted earnings per share in Rupees (Face value ₹ 2 per share)	24.48	33.18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 42 - Related party disclosures:

1. List of related parties and relationships:

Subsidiaries	Nesco Hospitality Private Ltd Nesco Foundation for Innovation and Development
Entities in which KMPs have significant influence	Patel Consultancy Private Ltd J V Patel Investment and Trading Co. Private Ltd. Engineering Global Pte Limited Chandler and Price India Private Limited K S Patel Finance & Investment Company Private Ltd
Key Management Personnel	Mr. Sumant J. Patel – Executive Chairman Mr. Krishna S. Patel – Vice Chairman and Managing Director Mr. Dipesh R. Singhania – Chief Financial Officer Ms. Jinal J. Shah - Company Secretary and Compliance Officer
Relative of Key Management Personnel	Mrs. Sudha S. Patel - Non-executive Director
Non-executive Directors	Mr. Mahendra K. Chauhan Mr. Manu M. Parpia Mr. Jai S. Diwanji Mr. K. S. Srinivasa Murty Mrs. Amrita Verma Chowdhury

2. Related Party Transactions:

(₹ in lakhs)

Particulars	2020-2021	2019-2020
Brokerage Income		
Chandler and Price India Private Limited	27.44	86.40
Rent Expense		
Mr. Sumant J. Patel	18.84	19.50
Corporate Social Responsibility Expense		
Nesco Foundation for Innovation and Development	9.84	0.61
Remuneration, perquisites, commission		
Mr. Sumant J. Patel	651.00	996.00
Mr. Krishna S. Patel	675.96	1,020.96
Mr. Dipesh R. Singhania	118.00	103.50
Ms. Jinal J. Shah	9.92	7.67
Director sitting fees		
Mrs. Sudha S. Patel	2.75	2.95
Mr. Mahendra K. Chauhan	5.55	4.30
Mr. Manu M. Parpia	4.30	3.25
Mr. Jai S. Diwanji	5.80	3.50
Mr. K. S. Srinivasa Murty	4.55	3.35
Mrs. Amrita Verma Chowdhury	4.30	3.60

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Amount received on behalf of Subsidiary		
Nesco Hospitality Private Limited	-	0.45
Amount paid on behalf of Subsidiary		
Nesco Hospitality Private Limited	21.89	12.77
Amount Payable / (Receivable)		
Mr. Sumant J. Patel	313.40	368.22
Mr. Krishna S. Patel	306.88	441.84
Mr. Dipesh R. Singhania	-	(2.59)
Nesco Hospitality Private Limited	(54.67)	(32.78)
Chandler and Price India Private Limited	-	(14.75)
Investments made in Subsidiaries		
Nesco Foundation for Innovation and Development	-	1.00

Employee benefits for Key Management Personnel is as follows:

(₹ in lakhs)

Particulars	2020-2021	2019-2020
Short-term employee benefits	1,454.88	2,128.13
Post-employment benefits	158.04	93.75
Other long-term benefits	25.99	17.77

Note 43 - Employee Benefits:

1. Post-employment benefits:

a. Defined Contribution plan

Provident Fund and Employee State Insurance Scheme

Defined contribution plans are Provident Fund Scheme and Employee State Insurance Scheme. The Company contributes to the Government administered provident funds on behalf of its employees.

b. Defined Benefit plan

Gratuity scheme

The Company operates a defined benefit gratuity plan for employees. The liability for the Defined Benefit Plan is provided on the basis of a valuation, using the Projected Unit Credit Method, as at the Balance Sheet date, carried out by an independent actuary. The Company creates adequate provision in its books every year based on actuarial valuation. These benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and investment risk.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The amounts recognised in the Company's financial statements as at year end are as under

(₹ in lakhs)

Particulars	Gratuity (Unfunded)	
	As at 31 March 2021	**As at 31 March 2020**
Present Value of Benefit Obligation at the Beginning of the Period	200.05	168.14
Interest Cost	13.39	13.13
Current Service Cost	23.16	25.37
Benefit Paid Directly by the Employer	(33.64)	(21.63)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	100.50	23.07
Demographic Assumptions	-	2.12
Actuarial (Gains)/Losses on Obligations - Due to Experience	3.92	(10.15)
Present Value of Benefit Obligation at the End of the Period	307.38	200.05

Amount Recognized in the Balance Sheet		
(Present Value of Benefit Obligation at the end of the Period)	307.38	200.05
Funded Status (Surplus/ (Deficit))	(307.38)	(200.05)
Net (Liability)/Asset Recognized in the Balance Sheet	(307.38)	(200.05)

Expenses Recognized in the Statement of Profit or Loss for Current Period		
Current Service Cost	23.16	25.37
Net Interest Cost	13.39	13.13
Expenses Recognized	36.56	38.5

Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period		
Actuarial (Gains)/Losses on Obligation for the Period	104.41	15.05
Net (Income)/Expense for the Period Recognized in OCI	104.41	15.05

Balance Sheet Reconciliation		
Opening Net Liability	200.05	168.14
Expenses Recognized in Statement of Profit or Loss	36.56	38.5
Expenses Recognized in OCI	104.41	15.05
Benefit Paid Directly by the Employer	(33.64)	(21.63)
Net Liability/(Asset) Recognized in the Balance Sheet	307.38	200.05

Other Details		
No of Active Members	133	158
Per Month Salary for Active Members	46.75	52.80
Average Past Services (Years)	6.33	6.34
Average Age (Years)	39.26	39.13
Average Expected Future Service	18.74	18.87
Projected Benefit Obligation	307.38	200.05

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Assumptions		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	6.55%	6.70%
Rate of Salary Increase	10.00%	6.00%
Rate of Employee Turnover	5.00%	5.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)
Mortality Rate After Employment	N.A.	N.A.

Maturity Analysis of the Benefit Payments: From the Employer		
Projected Benefits Payable in Future Years from the Date of Reporting		
1st Following Year	15.63	27.84
2 to 5 Years	70.63	56.41
6 to 10 Years	122.50	79.27
More than 10 Years	459.64	236.55

Sensitivity Analysis		
Projected Benefit Obligation on Current Assumptions	307.38	200.05
Delta Effect of +1% Change in Rate of Discounting	(9.6%)	(8.2%)
Delta Effect of -1% Change in Rate of Discounting	11.1%	9.4%
Delta Effect of +1% Change in Rate of Salary Increase	10.7%	9.3%
Delta Effect of -1% Change in Rate of Salary Increase	(9.4%)	(8.3%)
Delta Effect of +1% Change in Rate of Employee Turnover	(2.2%)	0.2%
Delta Effect of -1% Change in Rate of Employee Turnover	2.4%	(0.2%)

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

2. Long Term Employee Benefits:

The liability towards compensated absences (annual leave) as on 31 March 2021, based on actual valuation carried out by using the project accrued benefit method amount to ₹47.73 lakhs (previous year ₹5.63 lakhs) has been recognized on the Statement of Profit and Loss.

Note 44 - Income Taxes:

A. The major components of Income Tax expense for the year are as under

(₹ in lakhs)

Particulars	**Year 2020-2021**	**Year 2019-2020**
Current Taxes	3,368.00	5,035.89
Deferred Taxes	1,017.05	807.26
Income Tax Expenses as per statement of Profit and Loss	**4,385.05**	**5,843.15**

Income Tax Expenses recognised in OCI	**Year 2020-2021**	**Year 2019-2020**
Deferred tax benefit on remeasurement benefit of defined benefit plans	(26.28)	(3.79)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

B. Reconciliation of tax expense and the accounting profit for the year is as under:

(₹ in lakhs)

Particulars	Year 2020-2021	Year 2019-2020
Profit before tax	21,634.97	29,222.15
Enacted Tax rate in India	25.17%	25.17%
Computed enacted tax expenses	**5,445.49**	**7,354.63**
Add / (Less): Expenses not allowable for tax purposes	254.83	322.16
Add / (Less): Income not considered for tax purpose	(413.33)	(1,347.86)
Add / (Less): Effect of expenses, computed differently in tax	330.26	(112.04
Add / (Less): Effect of expenses, which are allowed on payment basis	14.87	29.38
Add / (Less): Effect of income, considered under other head of income	(1,247.07)	(403.12)
Income Tax Expenses	**4,385.05**	**5,843.15**

The tax rate used for reconciliation above is the corporate tax rate of 25.168 % (P Y 25.168%) payable by corporate entities in India on taxable profits under Indian law. During the Previous Year, the Company has opted for lower tax rate under Section 115BAA of the Income Tax Act, 1961 inserted vide Taxation Laws (Amendment) Act, 2019.

- Income considered under other head of income, mainly comprises of IT Park rental income considered under 'Income from House property' as per the provisions of Income Tax Act, 1961.
- Income not considered for tax purpose mainly consists of other income on account of fair valuation of Investments in Mutual funds and dividend income from Investments in mutual funds.

Details of income tax assets and liabilities as of 31 March 2021 and 31 March 2020 are as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Income tax Assets	1,509.91	1,419.42
Current Income Tax Liabilities	-	-
Net current income tax Assets / (Liabilities)	1,509.91	1,419.42

The gross movement in the Current Tax assets / (liabilities) for the year ended 31 March 2021 and 31 March 2020 is as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Net current tax assets / (liabilities) at the beginning of the year	1,419.42	767.62
Income tax paid		
Advance tax and TDS	3,458.49	5,758.32
Self-Assessment Tax paid/Previous year adjustments	-	(110.63)
Current income tax expenses	(3,368.00)	(5,035.89)
Net current tax assets / (liabilities) at the end of the year	**1,509.91**	**1,419.42**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Details of deferred tax assets and liabilities as of 31 March 2021 and 31 March 2020 are as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax Liabilities	(2,596.22)	(1,792.75)
Deferred Tax Assets (Liabilities)	(990.77)	(803.47)
Net deferred tax Assets / (Liabilities)	(3,586.99)	(2,596.22)

Detailed bifurcation of deferred tax assets and liabilities as of 31 March 2021 and 31 March 2020 are as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Net deferred tax assets / (liabilities) at the beginning	(2,596.22)	(1,792.75)
Difference between written down value of fixed assets as per the Companies Act, 2013 and Income tax Act,1961	(165.48)	206.02
Provision for expenses allowed for tax purpose on payment basis	257.49	(7.07)
Difference in carrying value and tax base of investments measured at FVTPL	(736.51)	79.67
Allowance of doubtful debts and advances	(10.76)	(6.26)
Lease Equalisation Reserve assets	(368.03)	(1,069.59)
Remeasurement of the defined benefit plan through OCI	32.52	(6.24)
Net deferred tax assets / (liabilities) at the end	(3,586.99)	(2,596.22)

The credits relating to temporary differences during the year ended 31 March 2021 and 31 March 2020 are primarily on account of Other income due to fair valuation of investments on mutual funds and Ind AS 116 adjustment.

Note 45 – Proposed Dividend:

The Board of Directors at its meeting held on 28 May 2021 have recommended a payment of dividend of ₹ 3.00 (Rupees Three) per equity share of face value ₹ 2 each for the financial year ended 31 March 2021 amounting to ₹ 2,113.80 lakhs and subject to approval at the ensuing AGM of the Company and hence is not recognized as a liability.

Note 46 - Segment Reporting:

The Company has following business segments, which are its reportable segments. Operating segment disclosures are consistent with the information provided to and reviewed by the management.

Reportable Segment	Products / Services
IT Park	Licencing premises in IT park buildings and providing related services
Bombay Exhibition Center	Licencing premises for exhibitions and providing services to the organisers
Industrial Capital Goods Division	Manufacturing of machines and capital equipment
Nesco Foods	Hospitality and catering services

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	2020-2021	2019-2020
Revenue by Segment		
IT Park	24,606.29	21,416.82
Bombay Exhibition Center	595.11	15,860.11
Industrial Capital Goods Division	2,608.76	2,327.42
Nesco Foods	1,299.28	3,568.41
Income from Investments/ Other Income	6,456.33	4,239.06
Total	**35,565.77**	**47,411.83**
Segment profit before tax and finance cost		
IT Park	20,146.49	17696.74
Bombay Exhibition Center	(669.11)	12166.78
Industrial Capital Goods Division	62.27	(236.47)
Nesco Foods	(342.10)	759.04
Unallocable expenses net off Unallocable income	2,437.42	(1163.94)
Total Operating profit before tax	**21,634.97**	**29,222.15**
Capital Employed:-		
Segment Assets:-		
IT Park	83,856.96	78,511.70
Bombay Exhibition Center	5,485.06	4,973.13
Industrial Capital Goods Division	3,403.11	3,178.73
Nesco Foods	3,301.87	3,157.38
Unallocable Assets	85,857.34	70,871.37
Total	**1,81,904.34**	**1,60,692.31**
Segment Liabilities: -		
IT Park	16,464.62	15,200.42
Bombay Exhibition Center	4,522.90	3,771.12
Industrial Capital Goods Division	676.38	554.55
Nesco Foods	280.33	478.29
Unallocable Liabilities	7,310.94	5,218.23
Total	**29,255.17**	**25,222.61**
Capital Employed: -		
IT Park	67,392.34	63,311.28
Bombay Exhibition Center	962.17	1,202.01
Industrial Capital Goods Division	2,726.73	2,624.18
Nesco Foods	3,021.54	2,679.09
Unallocable Assets net of Unallocable Liabilities	78,546.40	65,653.14
Total	**1,52,649.18**	**1,35,469.70**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Capital Expenditure		
IT Park	2340.28	57,706.00
Bombay Exhibition Center	453.29	126.66
Industrial Capital Goods Division	215.72	317.83
Nesco Foods	39.43	258.73
Unallocable Assets	2,714.97	302.43
Total	**5,763.68**	**58,711.65**

Revenue from Operation	**2020-2021**	**2019-2020**
India	35,515.52	47,368.95
Outside India	50.25	42.88
Total Revenue	**35,565.77**	**47,411.83**

Note 47 - Pursuant to the IND AS 37 – 'Provisions, Contingent Liabilities and Contingent Assets', the disclosure relating to provisions made in the accounts for the year ended 31 March 2021 is as follows.

(₹ in lakhs)

Particulars	**Compensation Payable ***		**Provision for warranty #**	
	31 March 2021	**31 March 2020**	**31 March 2021**	**31 March 2020**
Opening Balance	171.36	171.36	**16.80**	**16.24**
Additions	-	-	-	**0.56**
Utilizations / Reversals	-	-	**(3.81)**	-
Closing Balance	**171.36**	**171.36**	**12.99**	**16.80**

* These provisions represent estimates made mainly for probable claims arising out of litigations / disputes pending with authorities under various statues. The probability and the timing of the outflow with regard to these matters depend on the final outcome of the litigations/ disputes. Hence, the Company is not able to reasonably ascertain the timing of the outflow.

Provision for warranty represents cost associated with providing post-sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of two years.

Note 48 - Previous year's figures have been regrouped / reclassified wherever necessary.

Note 49 - The financial statements are approved for issue by the Audit Committee at its meeting held on 27 May 2021 and thereafter by the Board of Directors at its meeting held on 28 May 2021.