



Alavandi and Associates  
Chartered Accountants  
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## INDEPENDENT AUDITOR'S REPORT

To

The Members of Nandi Highway Developers Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of Nandi Highway Developers Limited (“the Company”), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss, (statement of changes in equity) and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit/loss, (changes in equity) and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates

that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Alavandi and Associates  
Chartered Accountants  
Firm’s Registration No.: 012933S



Mallikarjunappa Alavandi  
Proprietor  
Membership No :202157



Place: Bengaluru  
Date: 30<sup>th</sup> July 2020

## **Annexure A” to the Independent Auditors Report**

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2020. Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to

76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Goods and Service Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2020 for a period of more than six months from the date on when they become payable.  
b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For Alavandi and Associates  
Chartered Accountants  
Firm's Registration No.: 012933S



Mallikarjunappa Alavandi  
Proprietor  
Membership No :202157



Place: Bengaluru  
Date: 30<sup>th</sup> July 2020

**Annexure B to the Independent Auditor's Report of even date to the members of Nandi Highway Developers Limited on the financial statements for the year ended 31 March 2020.**

**Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub- section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the financial statements of Nandi Highway Developers Limited ("the Company") as at and for the year ended 31 March 2020, we have audited the internal Financial controls over financial reporting ("IFCoFR") of the Company as at that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls Over Financial Reporting ('Guidance note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ("the ICAI") and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's IFCoFR.

## Meaning of Internal Financial Controls over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over Financial reporting and such controls were operating effectively as at 31 March 2020, based on the Internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI

For Alavandi and Associates  
Chartered Accountants  
Firm's Registration No.: 012933S

Mallikarjunappa Alavandi  
Proprietor  
Membership No :202157



Place: Bengaluru  
Date: 30<sup>th</sup> July 2020

**Nandi Highway Developers Limited**  
**Balance Sheet as at 31 March 2020**  
**(All amounts in ₹, unless otherwise specified)**

Particulars	Note	31 March 2020	31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	4,65,99,685	3,67,37,206
Right to Use	2A	4,03,33,593	-
Capital work-in-progress		68,231	-
Intangible assets	3	16,62,51,174	20,38,73,241
<b>Financial assets</b>			
Investments	4	5,500	5,500
Loans	5	2,02,32,296	2,30,376
Others	7 A	3,62,76,497	3,20,00,000
Deferred tax assets (net)	6	1,09,28,760	2,38,01,247
Other non-current assets	8 A	1,63,33,59,977	1,56,44,15,248
<b>Total non-current assets</b>		<b>1,95,40,55,713</b>	<b>1,86,10,62,818</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	9	6,63,96,327	2,13,83,564
Others	7 B	15,98,06,835	22,83,85,336
Other current assets	8 B	1,55,63,757	37,01,845
<b>Total current assets</b>		<b>24,17,66,919</b>	<b>25,34,70,745</b>
<b>Total assets</b>		<b>2,19,58,22,632</b>	<b>2,11,45,33,563</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	37,50,00,060	37,50,00,060
Other equity	11	67,54,01,839	42,96,95,062
<b>Total equity</b>		<b>1,05,04,01,899</b>	<b>80,46,95,122</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	12	72,25,20,750	88,20,78,750
Other financial liabilities	13 A	4,39,09,357	-
Provisions	16 A	7,47,53,907	1,77,79,021
Other non-current liabilities	14 A	2,68,46,537	1,70,26,470
<b>Total non-current liabilities</b>		<b>86,80,30,550</b>	<b>91,68,84,241</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables	15	55,03,898	65,45,186
Other financial liabilities	13B	22,50,00,000	30,00,00,000
Other current liabilities	14 B	1,22,75,081	1,18,81,382
Provisions	16 B	3,46,11,203	7,45,27,632
<b>Total current liabilities</b>		<b>27,73,90,182</b>	<b>39,29,54,200</b>
<b>Total equity and liabilities</b>		<b>2,19,58,22,632</b>	<b>2,11,45,33,563</b>

The accompanying notes form an integral part of the financial statements

As per report of even date

**For Alavandi and Associates**

Chartered Accountants

Firm's Registration No.: 012933S



**Mallikarjunappa Alavandi**

Proprietor

Membership No. : 202157

Bengaluru  
30th July 2020



**For and on behalf of the Board of Directors of  
Nandi Highway Developers Limited**

  
**Ashok Kumar Kheny**  
 Director  
 DIN: 00248397

Bengaluru  
30th July 2020

  
**Shivkumar Kheny**  
 Executive Director  
 DIN: 01487360

Bengaluru  
30th July 2020

  
**N. Bala Krishna**  
 Chief Financial Officer &  
 Company Secretary

Bengaluru  
30th July 2020

**Nandi Highway Developers Limited**  
**Statement of profit and loss for the year ended 31 March 2020**  
**(All amounts in ₹, unless otherwise specified)**

Particulars	Note	31 March 2020	31 March 2019
<b>Revenue</b>			
Revenue from operations	17	67,70,68,679	75,52,76,884
Other income	18	2,06,66,941	2,52,62,172
<b>Total revenue</b>		<b>69,77,35,620</b>	<b>78,05,39,056</b>
<b>Expenses</b>			
Employee benefits expense	19	7,94,78,396	6,25,35,668
Finance costs	20	14,02,26,465	8,90,86,201
Depreciation and amortization expense	2 & 3	5,23,34,271	4,12,16,291
Other expenses	21	11,31,65,876	14,68,12,925
<b>Total expenses</b>		<b>38,52,05,008</b>	<b>33,96,51,085</b>
<b>Profit before tax</b>		<b>31,25,30,613</b>	<b>44,08,87,971</b>
Tax expense	22		
Current tax		5,46,05,349	9,54,72,082
Deferred tax		1,28,72,487	(89,57,874)
<b>Profit for the period</b>		<b>24,50,52,777</b>	<b>35,43,73,763</b>
<b>Other comprehensive income/(loss)</b>			
Items that will not be reclassified to profit or loss			
Re-measurement of gains/(losses) on defined benefit plans		6,54,000	(94,887)
Income tax relating to items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
		<b>6,54,000</b>	<b>(94,887)</b>
<b>Total comprehensive income for the year</b>		<b>24,57,06,777</b>	<b>35,42,78,876</b>
<b>Earnings per equity share (Nominal value ₹ 10 per equity share)</b>	23		
Basic		6.55	9.45
Diluted		6.55	9.45


The accompanying notes form an integral part of the financial statements

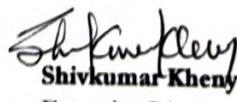
As per report of even date

**For Alavandi and Associates**  
Chartered Accountants  
Firm's Registration No.: 012933S

**For and on behalf of the Board of Directors of  
Nandi Highway Developers Limited**

  
**Mallikarjunappa Alavandi**  
Proprietor  
Membership No. : 202157

  
**Ashok Kumar Kheny**  
Director  
DIN: 00248397

  
**Shivkumar Kheny**  
Executive Director  
DIN: 01487360

  
**N. Bala Krishna**  
Chief Financial Officer &  
Company Secretary

Bengaluru  
30th July 2020

Bengaluru  
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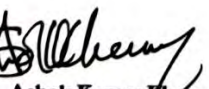
**Nandi Highway Developers Limited**  
**Cash flow statement for the year ended 31 March 2020**  
**(All amounts in ₹, unless otherwise specified)**

Particulars	31 March 2020	31 March 2019
<b>A. Cash flow from operating activities</b>		
Profit/(loss) before tax	31,25,30,613	44,08,87,971
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation	5,23,34,271	4,12,16,291
Other comprehensive income	6,54,000	(94,887)
Interest received on fixed deposits	(1,55,68,522)	(2,01,49,639)
Finance costs	14,02,26,465	8,90,86,201
<b>Operating profit before working capital changes</b>	<b>49,01,76,827</b>	<b>55,09,45,937</b>
<i>Working capital adjustments:</i>		
Decrease/(increase) in other non-current assets	(5,60,72,242)	35,010
(Increase)/decrease in other financial assets	(2,42,78,417)	(95,20,95,355)
(Increase)/decrease in other current assets	5,67,16,589	(16,09,082)
Increase/(decrease) in trade payables	(10,41,288)	(43,52,965)
Increase/(decrease) in provisions	1,70,58,456	(16,82,93,256)
Increase/(decrease) in other current liabilities	5,41,23,123	1,36,28,196
Cash Generated from operations	<b>53,66,83,048</b>	<b>(56,17,41,515)</b>
Net income taxes paid / refund (net)	(6,74,77,836)	(9,54,72,082)
<b>Net cash flow from operating activities (A)</b>	<b>46,92,05,212</b>	<b>(65,72,13,597)</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets	(6,49,76,507)	(1,97,64,202)
Interest received on fixed deposits	1,55,68,522	2,01,49,639
Capital expenditure on fixed assets (including changes in capital advances)	-	-
<b>Net cash flow from investing activities (B)</b>	<b>(4,94,07,985)</b>	<b>3,85,437</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from/(Repayment of) long term borrowings	(23,45,58,000)	1,18,20,78,750
Finance costs	(14,02,26,465)	(8,90,86,201)
Dividend paid	-	(39,40,00,000)
Dividend distribution tax	-	(8,07,42,776)
<b>Net Cash flow from financing activities (C)</b>	<b>(37,47,84,465)</b>	<b>61,82,49,773</b>
<b>Net decrease in cash &amp; cash equivalents (A+B+C)</b>	<b>4,50,12,762</b>	<b>(3,85,78,387)</b>
Cash and Cash equivalents at beginning of the year	2,13,83,564	5,99,61,950
Cash and Cash equivalents at the end of the year*	6,63,96,326	2,13,83,564
* Comprises:		
(a) Cash on hand	8,11,916	52,94,045
(b) Balances with banks:		
- in current accounts	6,55,84,411	1,60,89,519
<b>Cash &amp; cash equivalents at the end of the year (as per Note 9)</b>	<b>6,63,96,327</b>	<b>2,13,83,564</b>

**For Alavandi and Associates**  
Chartered Accountants  
Firm's Registration No.: 012933S

**For and on behalf of the Board of Directors of**  
**Nandi Highway Developers Limited**

  
**Mallikarjunappa Alavandi**  
Proprietor  
Membership No. : 202157

  
**Ashok Kumar Rheny**  
Director  
DIN: 00248397

  
**Shivkumar Rheny**  
Executive Director  
DIN: 01487360

  
**N. Bala Krishna**  
Chief Financial Officer &  
Company Secretary

Bengaluru  
30th July 2020

Bengaluru  
30th July 2020

Bengaluru  
30th July 2020

Bengaluru  
30th July 2020



**Nandi Highway Developers Limited**  
**Statement of changes in equity as at 31 March 2020**  
**(All amounts in ₹, unless otherwise specified)**

**A. Equity share capital**

Particulars	Amount
<b>Balance as at 31 March 2018</b>	<b>37,50,00,060</b>
Changes in equity share capital during the year	-
<b>Balance as at 31 March 2019</b>	<b>37,50,00,060</b>
Changes in equity share capital during the year	-
<b>Balance as at 31 March 2020</b>	<b>37,50,00,060</b>

**B. Other equity**

Particulars	Surplus / (deficit) in Statement of Profit and Loss	Dividend	Total
<b>Balance as at 31 March 2018</b>	<b>79,08,74,256</b>	(24,07,15,294)	<b>55,01,58,962</b>
Add: Additions			-
Profit for the period	35,43,73,763	-	<b>35,43,73,763</b>
Other comprehensive income	(94,887)	-	<b>(94,887)</b>
Final dividend for the year 2017-18 (Paid in 2018-19)	-	(12,40,00,000)	<b>(12,40,00,000)</b>
Interim dividend for the year 2018-19 (Paid in 2018-19)	-	(27,00,00,000)	<b>(27,00,00,000)</b>
Dividend distribution tax (DDT)		(8,07,42,776)	<b>(8,07,42,776)</b>
<b>Balance as at 31 March 2019</b>	<b>1,14,51,53,132</b>	<b>(71,54,58,070)</b>	<b>42,96,95,062</b>
Add: Additions			-
Profit for the period	24,50,52,777	-	<b>24,50,52,777</b>
Other comprehensive income	6,54,000	-	<b>6,54,000</b>
<b>Balance as at 31 March 2020</b>	<b>1,39,08,59,909</b>	<b>(71,54,58,070)</b>	<b>67,54,01,839</b>

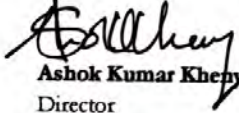
**For Alavandi and Associates**  
Chartered Accountants  
Firm's Registration No.: 012933S

  
**Mallikarjunappa Alavandi**  
Proprietor  
Membership No. : 202157

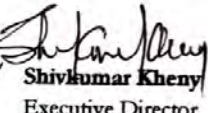
Bengaluru  
30th July 2020



**For and on behalf of the Board of Directors of**  
**Nandi Highway Developers Limited**

  
**Ashok Kumar Kheny**  
Director  
DIN: 00248397

Bengaluru  
30th July 2020

  
**Shivkumar Kheny**  
Executive Director  
DIN: 01487360

Bengaluru  
30th July 2020

  
**N Bala Krishna**  
Chief Financial Officer  
& Company Secretary

Bengaluru  
30th July 2020

## Nandi Highway Developers Limited

### Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

#### 1 Company overview and significant accounting policies

##### 1.1 Company overview

Nandi Highway Developers Limited ("NHDL" or "the Company") is an unlisted public company incorporated on January 19, 1996. The Company has undertaken a contract of Development, Operation and Maintenance of infrastructure facility involving work of construction of bypass road of 30 kms connecting the twin cities of Hubli and Dharwad in North Karnataka, located right in the middle of the Pune-Bangalore stretch (835 kms) of the NH4, in the state of Karnataka beginning at Km 403/800 on NH4 and rejoining NH4 in Karnataka at Km 433/800, this bypass road helps to avoid city traffic and congestion. It has been notified as part of NH 4 (Pune-Bangalore), also part of the visionary Golden Quadrilateral Road Project of India.

##### 1.2 Significant accounting policies

###### a. Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind-AS) as per Companies (Indian Accounting Standards) Rules 2015 notified under section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act. The financial statements up to and for the year ended 31 March 2020 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

The financial statements for the year ended 31 March 2020 were authorized and approved for issue by the Board of Directors on 30 July 2020.

###### b. Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases that are in effect as at 31 March 2020. The accounting policies used in the preparation of financial statements are consistent with that of previous year.

###### c. Basis of preparation of financial statements

The financial statements have been prepared on going concern basis under the historical cost basis except for certain financial assets and financial liabilities which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data rely as little as possible on entity specific estimates.

Level 3: Inputs for the assets or liabilities that are not based on the observable marked data (unobservable inputs)

###### d. Functional and presentation currency

The financial statements are presented in Indian Rupee (₹ ₹) which is also the functional and presentation currency of the Company.

###### e. Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the Company to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 1.3 and 1.4.

###### f. Recent accounting pronouncements

Information on new standards, amendments and interpretations is provided below:

###### Amendment to Ind AS 19 – plan amendment, curtailment or settlement-

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

###### Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition -

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

**f. Recent accounting pronouncements (Cont'd.)**

**Ind AS 116 Leases**

The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. 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:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

**Amendment to Ind AS 12 – Income taxes :**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

**g. Current versus non-current classification**

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

- (i) An asset is classified as current when it is:
  - Expected to be realized or intended to sold or consumed in normal operating cycle,
  - Held primarily for the purpose of trading,
  - Expected to be realized within twelve months after the reporting period or
  - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- (ii) All other assets are classified as non-current.
- (iii) A liability is classified as current when:
  - It is expected to be settled in normal operating cycle,
  - It is held primarily for the purpose of trading,
  - It is due to be settled within twelve months after the reporting period or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- (iv) All other liabilities are classified as non-current.
- (v) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of asset for processing and their realisation in cash and cash equivalents. The company has identified twelve month as its operating cycle.

**h. Foreign currency transactions**

**(a) Initial recognition**

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

**(b) Conversion**

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

**i. Revenue recognition**

**Toll collections**

Income from toll collections is recognised on the basis of actual collection.

**Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rates applicable. Interest income is included in the finance income in the statement of profit or loss.

**Dividend income**

Dividend income is recognised, when right to collection is established.

**j. Impairment of non-financial assets**

The company assesses at each reporting date, whether there is any indication that an asset may be impaired. If any impairment exists or when annual impairment testing of an assets is required, the company estimates the assets recoverable amount. An asset's recoverable amount is higher of the asset's or cash generating unit's ("CGU") fair value less cost of disposal and its value in use. Recoverable amount is determined for an individual asset. Unless the asset doesn't generate cash flows they are largely independent of those assets or companies of assets when the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount.

## Nandi Highway Developers Limited

### Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

#### j. Impairment of non-financial assets (Cont'd.)

In assessing value the estimated future cash flows are discounted to their present value using pre tax discount rate that reflects current market rate assessments of the time value of the money and the risk specific to the assets. In determining fair value less cost of disposals, recent market transaction are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded companies or other available fair value indicators.

#### k. Property, plant and equipment (PPE)

##### Recognition and initial measurement

Properties, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met, any expected costs of decommissioning and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

##### Subsequent measurement

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

##### Depreciation and useful lives

Depreciation on fixed assets is provided on the straight-line method, based on the useful life of asset specified in Schedule II to the Companies Act, 2013. The Management estimates the useful lives of the assets as per the indicative useful life prescribed in Schedule II to the Companies Act, 2013. Residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Buildings	60/24 years
Office equipments	5 years
Furniture & fixtures	10 years
Computers	6/3 years
Vehicles	10/8 years

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

##### De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

#### l. Intangible assets

##### Recognition and initial measurement

Toll road assets, created under Build, Operate and Transfer ("BOT") model is considered as intangible asset since the asset will be transferred to GoK at the end of the concession period. The company has considered a period of 26 years (2 years of construction period and 24 years concession period) from the initial financial closure achieved in the year 2000.

##### Amortisation

The amortisation is based on a proportionate of actual toll revenues earned during the period over the projected toll revenues estimated for the balance concession period of 7 years.

#### m. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

#### n. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### o. Leases

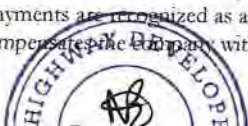
##### Finance leases

Assets acquired on lease which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the assets, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

##### Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term except where scheduled increase in rent compensates for the impact with expected inflationary costs.



## Nandi Highway Developers Limited

### Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

#### p. Employee benefits

##### Defined contribution plan

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are charged to the statement of profit and loss or inventorised as a part of project under development, as the case may be. The Company's contributions towards provident fund and employee state insurance scheme are deposited with the Regional Provident Fund Commissioner under a defined contribution plan, in accordance with Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees' State Insurance Act, 1948 respectively.

##### Defined benefit plan

The Company has funded gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognized in the balance sheet for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries who use the projected unit credit method to calculate the defined benefit 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 statement of profit and loss.

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

Actuarial gain or loss arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the year in which such gain or loss arise.

##### Other short-term benefits

Short-term employee benefits comprising employee costs including performance incentive and compensated absences are recognized in the statement of profit and loss on the basis of the amount paid or payable for the period during which services are rendered by the employee.

#### q. Tax expense

##### Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### Current tax

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

##### Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax. Accordingly, MAT is recognized as an asset in the balance sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

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

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

#### r. Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share (or increase net loss per share) from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

#### s. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.



## Nandi Highway Developers Limited

### Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise stated)

#### t. Financial instruments

##### Financial assets

###### *Initial recognition and measurement*

All financial assets are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted, except for financial assets classified as fair value through profit and loss.

###### *Subsequent measurement*

###### *Debt Instruments*

###### *Debt instruments at amortized cost*

A 'Debt instruments' is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the statement of profit and loss.

###### *Debt Instruments at fair value through other comprehensive income (FVTOCI)*

A debt instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Fair value movements are recognized in other comprehensive income (OCI).

###### *Debt instruments at Fair value through profit and loss (FVTPL)*

FVTPL is a residual category for debt instruments. 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 recognized in the statement of profit and loss.

###### *Equity investments*

All equity investments in the scope of Ind AS 109, 'Financial Instruments', are measured at fair value.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in the OCI.

There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

##### *De-recognition of financial assets*

A financial asset is primarily de-recognized 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.

##### Financial liabilities

###### *Initial recognition*

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost.

###### *Subsequent measurement*

These liabilities include borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

###### *De-recognition of financial liabilities*

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

###### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

##### 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 twelve 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 recognized is recognized as an impairment gain or loss in the statement of profit and loss.

#### u. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 asset for which the estimates of future cash flows have not been adjusted.

**Nandi Highway Developers Limited**  
**Summary of significant accounting policies and other explanatory information**  
**(All amounts in ₹, unless otherwise stated)**

**u. Impairment of non-financial assets (Cont'd.)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.3 Significant estimates in applying accounting policies**

- a. Recoverability of advances/receivables – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.
- b. Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software and other assets.
- c. Defined Benefit Obligation (DBO) – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.
- d. Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**1.4 Critical judgements in applying accounting policies**

- a. Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised.
- b. Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- c. Provisions – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against doubtful debts. However the actual future outcome may be different from this judgement.
- d. Service Concession Arrangements (SCA)- The evaluation of applicability of SCA requires the Management to assess whether the Company has right to operate the asset/infrastructure or has ownership of the asset. The Management among other factors considers who regulates the prices and controls residual interest in the asset for determining application of guidance relating to SCA.



Nandi Highway Developers Limited

Summary of significant accounting policies and other explanatory information  
(All amounts in ₹, unless otherwise stated)

2 Property, plant and equipment

	Particulars						Total
	Land	Buildings	Plant and machinery	Vehicles	Office equipments	Furniture & fixtures	Total
<b>Gross block</b>							
As at 31 March 2018	85,06,883	1,96,66,701	7,89,45,653	1,36,34,039	77,27,822	1,04,10,456	13,88,91,554
Additions	-	3,21,758	9,07,445	7,46,196	1,93,140	82,03,988	1,03,72,527
Disposals	-	-	-	-	-	-	-
As at 31 March 2019	85,06,883	1,99,88,459	7,98,53,098	1,43,80,235	79,20,962	1,86,14,444	14,92,64,081
Additions	-	-	-	-	1,06,567	1,64,12,320	1,65,18,887
Disposals	-	-	-	-	(1,87,667)	(3,143)	(1,90,810)
As at 31 March 2020	85,06,883	1,99,88,459	7,98,53,098	1,43,80,235	78,39,862	3,50,23,621	16,55,92,158
<b>Accumulated depreciation</b>							
Upto 31 March 2018	-	99,55,398	7,53,96,049	52,86,441	69,69,543	91,89,507	10,67,96,938
Charge for the year	-	14,62,817	2,96,449	25,89,249	3,36,838	10,44,584	57,29,937
Adjustments for disposals	-	-	-	-	-	-	-
Upto 31 March 2019	-	1,14,18,215	7,56,92,498	78,75,690	73,06,381	1,02,34,091	11,25,26,875
Charge for the year	-	14,93,944	3,27,958	17,77,938	1,95,358	28,50,286	66,45,484
Adjustments for disposals	-	-	-	-	(1,76,900)	(2,986)	(1,79,886)
Upto 31 March 2020	-	1,29,12,159	7,60,20,456	96,53,628	73,24,839	1,30,81,391	11,89,92,473
<b>Net block</b>							
As at 31 March 2019	85,06,883	85,70,244	41,60,600	65,04,545	6,14,581	83,80,353	3,67,37,206
As at 31 March 2020	85,06,883	70,76,300	38,32,642	47,26,607	5,15,023	2,19,42,230	4,65,99,685



Nandi Highway Developers Limited  
 Summary of significant accounting policies and other explanatory information  
 (All amounts in ₹, unless otherwise stated)

2A Intangible assets

Particulars	Right to Use	Total
<b>Gross block</b>		
As at 31 March 2018	-	-
Additions	-	-
Disposals	-	-
<b>As at 31 March 2019</b>	-	-
Additions	4,84,00,313	4,84,00,313
Disposals	-	-
<b>As at 31 March 2020</b>	<b>4,84,00,313</b>	<b>4,84,00,313</b>
<b>Accumulated amortization</b>		
Upto 31 March 2018	-	-
Charge for the year	-	-
Disposals/adjustments	-	-
<b>Upto 31 March 2019</b>	-	-
Charge for the year	80,66,720	80,66,720
Disposals/adjustments	-	-
<b>Upto 31 March 2020</b>	<b>80,66,720</b>	<b>80,66,720</b>
<b>Net block</b>		
As at 31 March 2019	-	-
As at 31 March 2020	4,03,33,593	4,03,33,593



Nandi Highway Developers Limited  
 Summary of significant accounting policies and other explanatory information  
 (All amounts in ₹, unless otherwise stated)

3 Intangible assets

Particulars	Roads	Software	Total
<b>Gross block</b>			
As at 31 March 2018	95,78,25,176	1,90,050	95,80,15,226
Additions	94,71,206.00	-	94,71,206
Disposals	-	-	-
As at 31 March 2019	96,72,96,382	1,90,050	96,74,86,432
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2020	96,72,96,382	1,90,050	96,74,86,432
<b>Accumulated amortization</b>			
Upto 31 March 2018	72,79,67,897	1,58,940	72,81,26,837
Charge for the year	3,54,80,850	5,504	3,54,86,354
Disposals/adjustments	-	-	-
Upto 31 March 2019	76,34,48,747	1,64,444	76,36,13,191
Charge for the year	3,76,16,561	5,506	3,76,22,067
Disposals/adjustments	-	-	-
Upto 31 March 2020	80,10,65,308	1,69,950	80,12,35,258
<b>Net block</b>			
As at 31 March 2019	20,38,47,635	25,606	20,38,73,241
As at 31 March 2020	16,62,31,074	20,100	16,62,51,174



**Nandi Highway Developers Limited**  
**Summary of significant accounting policies and other explanatory information**  
(All amounts in ₹, unless otherwise specified)

**4 Investments**

Particulars	31 March 2020	31 March 2019
Non-current investments (unquoted)		
Investment on Govt. Securities / Trusts (carried at cost)		
- National Savings Certificates (NSC)	5,500	5,500
	<u>5,500</u>	<u>5,500</u>

**5 Loans**

Particulars	31 March 2020	31 March 2019
<b>Non-current assets</b>		
Security deposits	2,02,32,296	2,30,376
	<u>2,02,32,296</u>	<u>2,30,376</u>

**6 Deferred tax assets (Net)**

Particulars	31 March 2020	31 March 2019
<b>A Non-current</b>		
Deferred tax asset arising on account of :		
Financial assets carried at amortized cost	1,09,28,760	2,38,01,247
Less:		
Deferred tax liabilities arising on account of :		
Financial liabilities carried at amortized cost	-	-
	<u>1,09,28,760</u>	<u>2,38,01,247</u>

**7 Other financial assets**

Particulars	31 March 2020	31 March 2019
<b>A Non-current</b>		
Fixed deposits with banks (Maturity period is more than 12 months) *	3,62,76,497	3,20,00,000
	<u>3,62,76,497</u>	<u>3,20,00,000</u>
<b>B Current assets</b>		
(Unsecured, considered good unless otherwise stated)		
Interest receivable on fixed deposits	59,48,835	66,08,839
Fixed deposits with banks	15,38,58,000	22,17,76,497
	<u>15,98,06,835</u>	<u>22,83,85,336</u>

**8 Other assets**

Particulars	31 March 2020	31 March 2019
<b>A Non-current</b>		
(Unsecured, considered good unless otherwise stated)		
Advance income tax [net of provision]	6,45,96,369	24,02,663
Advance to suppliers/service providers		
- Considered good	4,31,94,573	3,64,43,550
Advances towards land acquisition	1,52,55,69,035	1,52,55,69,035
	<u>1,63,33,59,977</u>	<u>1,56,44,15,248</u>
<b>B Current</b>		
(Unsecured, considered good unless otherwise stated)		
Prepaid expenses	5,72,981	5,61,516
Other Advances	1,49,90,776	31,40,329
	<u>1,55,63,757</u>	<u>37,01,845</u>

**9 Cash and cash equivalents**

Particulars	31 March 2020	31 March 2019
Cash on hand	8,11,916	52,94,045
Balances with banks		
- in current accounts	6,55,84,411	1,60,89,519
	<u>6,63,96,327</u>	<u>2,13,83,564</u>



Nandi Highway Developers Limited  
Summary of significant accounting policies and other explanatory information  
(All amounts in ₹, unless otherwise specified)

10 Equity share capital

Particulars	31 March 2020		31 March 2019	
	No. of shares	Amount	No. of shares	Amount
<b>Authorised</b>				
Equity share of ₹ 10/- each	3,80,00,000	38,00,00,000	3,80,00,000	38,00,00,000
<b>Issued, subscribed and fully paid-up</b>				
Equity share of ₹ 10/- each	3,75,00,006	37,50,00,060	3,75,00,006	37,50,00,060
	3,75,00,006	37,50,00,060	3,75,00,006	37,50,00,060

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	31 March 2020		31 March 2019	
	No. of shares	Amount	No. of shares	Amount
<b>Equity share of ₹ 10/- each</b>				
Opening balance	3,75,00,006	37,50,00,060	3,75,00,006	37,50,00,060
Issued during year pursuant to the conversion of CCPS				
<b>Closing balance</b>	<b>3,75,00,006</b>	<b>37,50,00,060</b>	<b>3,75,00,006</b>	<b>37,50,00,060</b>

(b) Terms / Rights attached to equity share holders:

The Company has only one class of Equity Share, having a par value of ₹ 10/-. The holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all other parties concerned. The distribution will be in proportion to number of equity shares held by the shareholders.

(c) Details of shares held by each shareholder holding more than 5% of shares:

Particulars	31 March 2020		31 March 2019	
	No. of shares	%	No. of shares	%
<b>Equity share of ₹ 10/- each</b>				
1. BF Utilities Limited- Holding Company	2,60,71,901	69.53%	2,60,71,901	69.53%
2. Nandi Infrastructure Capital Co Ltd	1,14,28,100	30.47%	1,14,28,100	30.47%

(d) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the year of five years immediately preceding the

The company has not issued any bonus shares nor there has been any buy back of shares during five years immediately preceding 31 March 2020.

11 Other equity

Particulars	31 March 2020		31 March 2019	
Opening Balance	42,96,95,062		55,01,58,962	
Profit for the period	24,50,52,777		35,43,73,763	
Comprehensive income/(expenditure)	6,54,000		(94,887)	
Final dividend	-		(12,40,00,000)	
Interim dividend	-		(27,00,00,000)	
Dividend Distribution tax (DDT)	-		(8,07,42,776)	
	<b>67,54,01,839</b>		<b>42,96,95,062</b>	



Nandi Highway Developers Limited  
 Summary of significant accounting policies and other explanatory information  
 (All amounts in ₹, unless otherwise specified)

<b>12 Borrowings</b>			
	Particulars	31 March 2020	31 March 2019
	<b>Non-current</b>		
	Secured loans		
	Term loan	72,25,20,750	88,20,78,750
		<u>72,25,20,750</u>	<u>88,20,78,750</u>
<b>13 Other financial liabilities</b>			
	Particulars	31 March 2020	31 March 2019
<b>A Non-current</b>			
	Lease liability	4,39,09,357	-
		<u>4,39,09,357</u>	<u>-</u>
<b>B Current</b>			
	Current maturities of long-term debt	22,50,00,000	30,00,00,000
		<u>22,50,00,000</u>	<u>30,00,00,000</u>
<b>14 Other liabilities</b>			
	Particulars	31 March 2020	31 March 2019
<b>A Non-current</b>			
	Other long term liabilities	2,68,46,537	1,70,26,470
		<u>2,68,46,537</u>	<u>1,70,26,470</u>
<b>B Current</b>			
	Statutory dues	1,22,75,081	1,18,81,382
		<u>1,22,75,081</u>	<u>1,18,81,382</u>
<b>15 Trade payables</b>			
	Particulars	31 March 2020	31 March 2019
	Dues to micro enterprises and small enterprises	6,371	-
	Dues to creditors other than micro enterprises and small enterprises	54,97,527	65,45,186
		<u>55,03,898</u>	<u>65,45,186</u>
<b>16 Provisions</b>			
	Particulars	31 March 2020	31 March 2019
<b>A Long-term</b>			
	Provision for employee benefits:		
	- Provision for gratuity	1,10,01,246	1,07,33,488
	- Provision for compensated absences	69,75,230	70,45,533
	Others	5,67,77,431	-
		<u>7,47,53,907</u>	<u>1,77,79,021</u>
<b>B Short-term</b>			
	Provision for major maintenance expense	3,46,11,204	7,45,27,632
		<u>3,46,11,204</u>	<u>7,45,27,632</u>



**Nandi Highway Developers Limited**  
**Summary of significant accounting policies and other explanatory information**  
**(All amounts in ₹, unless otherwise specified)**

**12A Borrowings**

Particulars	Nature of Security	Repayment details	31 March 2020	31 March 2019
<b>Term Loans from banks and others</b>				
Axis Finance Ltd	The Facility together with all Interest, Default Interest, all other costs, charges, expenses, fees or amounts payable to the Lender, the Security Trustee and the Escrow Bank under the Finance Documents shall be secured by the following security ("Security"): (a) A Security Interest by way of first and exclusive ranking mortgage over the identified non-agricultural land parcel measuring approximately 45 acres situate at Bengaluru-Mysuru Infrastructure Corridor (NECE Road), Bangalore owned by the Security Provider, including all the structures thereon both present and future (b) (the properties in clause (a) are hereinafter referred to as the "Mortgaged Property") (c) A Security Interest by way of first & exclusive charge on both present and future current assets of the Borrower; (d) A Security Interest by way of first & exclusive charge and escrow over the cash flows of the Borrower; (e) A Security Interest by way of first & exclusive charge on the Escrow Account, Interest Service Reserve, Major Maintenance Reserve, Retention Monies, etc. and other reserves and any other bank accounts of Borrower wherever maintained; (f) A Security Interest by way of assignment of all the Borrower's rights, title, interest, benefits, claims and demands as stipulated; a. in the Project Documents (including but not limited to the Concession Agreement); b. in the permits, approvals and clearances pertaining to the Project, and in any letter of credit, guarantee, performance bond provided by any party to the Project Documents; and c. all insurance contracts/ insurance proceeds pertaining to the project; (g) A Security Interest by way of first and exclusive pledge of 69.5% unencumbered fully paid up equity shares of the Borrower held by BFUL; (h) Corporate guarantee by the Guarantor; (i) Corporate guarantee by the Security Provider to the extent of the Mortgaged Property offered as a security;	94,75,20,750	1,18,20,78,750	
		Repayable in 16 equal quarterly instalments starting from June 30, 2019.		
			<b>94,75,20,750</b>	<b>1,18,20,78,750</b>
			10.70%	

The interest on above term loans from banks are linked to the respective banks base rates.



**Nandi Highway Developers Limited**  
**Summary of significant accounting policies and other explanatory information**  
(All amounts in ₹, unless otherwise specified)

**17 Revenue from operations**

Particulars	31 March 2020	31 March 2019
Revenue from toll collections	67,70,68,679	75,52,76,884
	<b>67,70,68,679</b>	<b>75,52,76,884</b>

**18 Other income**

Particulars	31 March 2020	31 March 2019
Interest income	1,55,68,522	2,01,49,639
Parking fees	44,67,322	42,87,983
Miscellaneous income	6,31,097	8,24,549
	<b>2,06,66,941</b>	<b>2,52,62,171</b>

**19 Employee benefits expense**

Particulars	31 March 2020	31 March 2019
Salaries and wages	6,66,30,460	5,02,27,982
Contribution to provident and other funds	1,18,61,051	1,12,80,899
Staff welfare expenses	9,86,885	10,26,787
	<b>7,94,78,396</b>	<b>6,25,35,668</b>

**20 Finance costs**

Particulars	31 March 2020	31 March 2019
Interest cost	11,66,81,303	3,44,74,521
Processing fees	63,02,250	55,43,900
Bank charges	6,02,676	6,22,732
Interest on lease liabilities	65,34,044	-
Interest on major maintenance expense	1,01,06,192	4,84,45,048
	<b>14,02,26,465</b>	<b>8,90,86,201</b>

**21 Other expenses**

Particulars	31 March 2020	31 March 2019
Toll road operation expense	3,86,79,902	10,86,33,929
Rent including lease rentals	-	1,05,00,000
Office maintenance & administration expenses	3,83,22,150	1,68,67,503
Travelling expenses	10,90,110	12,46,361
Professional fees	3,44,73,714	91,65,132
Payment to auditors for Statutory audit	6,00,000	4,00,000
Miscellaneous expenses	-	-
	<b>11,31,65,876</b>	<b>14,68,12,925</b>



**Nandi Highway Developers Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise specified)

**22 Tax expense**

Particulars	31 March 2020	31 March 2019
<b>A Tax expense comprises of:</b>		
Current tax	5,46,05,349	9,54,72,082
Deferred tax	1,28,72,487	(89,57,874)
Income tax expense reported in the statement of profit and loss	<u>6,74,77,836</u>	<u>8,65,14,208</u>
<b>B Reconciliation of tax expense and the accounting profit multiplied by India's tax rate</b>		
The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 29.12% (31 March 2018: 34.61%) and the reported tax expense in profit or loss are as follows:		
Book profits before tax from continuing operations	31,25,30,613	44,08,87,971
<b>Book profits before income tax</b>	<u>31,25,30,613</u>	<u>44,08,87,971</u>
Effective tax rate in India	29.12%	34.61%
Expected tax expenses charged/(credited)	9,10,08,914	15,25,82,509
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of non-deductible expenses	(2,35,31,079)	(4,18,72,369)
<b>Income tax expense</b>	<u>6,74,77,836</u>	<u>11,07,10,140</u>
<b>C Recognised deferred tax assets and liabilities</b>		
<b>Deferred tax asset arising on account of :</b>		
Expenses allowable on payment basis	-	
Gratuity	32,03,563	31,25,592
Leave encashment	22,11,638	22,54,973
Bonus	13,12,777	15,04,353.18
<b>Less: Deferred tax liability arising on account of :</b>	-	-
Depreciation	42,00,783	1,69,16,329
Impact of financial assets and liabilities carried at amortized cost	-	
Others	-	
	<u>1,09,28,761</u>	<u>2,38,01,246</u>

**23 Earnings/(loss) per share (EPS)**

Particulars	31 March 2020	31 March 2019
Weighted average number of shares outstanding during the year	3,75,00,006	3,75,00,006
Add: Dilutive effect of stock options	-	-
Weighted average number of shares used to compute diluted EPS	<b>3,75,00,006</b>	<b>3,75,00,006</b>
Net profit after tax attributable to equity shareholders	24,57,06,777	35,42,78,876
Earnings per share		
Basic (₹)	6.55	9.45
Diluted (₹)	6.55	9.45
Nominal value - Rupees (₹) per equity share	10	10

**24 Assets pledged as security**

The carrying amounts of assets pledged as security for non-current borrowings (refer note 12).



**Nandi Highway Developers Limited**  
**Summary of significant accounting policies and other explanatory information**  
**(All amounts in ₹, unless otherwise specified)**

**25 Financial instruments**

**Financial instruments by category**

The carrying value and fair value of financial instruments by categories as at 31 March 2020 were as follows :

Particulars	Note	FVTPL	FVTOCI	Amortized cost	Total carrying value	Total fair value
<b>Financial assets :</b>						
Loans	5	-	-	2,02,32,296	2,02,32,296	2,02,32,296
Cash and cash equivalents including other bank balances	9	-	-	6,63,96,327	6,63,96,327	6,63,96,327
Other financial assets	7	-	-	15,98,06,835	15,98,06,835	15,98,06,835
<b>Total financial assets</b>				<b>24,64,35,458</b>	<b>24,64,35,458</b>	<b>24,64,35,458</b>
<b>Financial liabilities :</b>						
Borrowings *	12	-	-	94,75,20,750	94,75,20,750	94,75,20,750
Trade payables	15	-	-	55,03,898	55,03,898	55,03,898
<b>Total financial liabilities</b>				<b>95,30,24,648</b>	<b>95,30,24,648</b>	<b>95,30,24,648</b>

The carrying value and fair value of financial instruments by categories as at 31 March 2019 were as follows :

Particulars	Note	FVTPL	FVTOCI	Amortized cost	Total carrying value	Total fair value
<b>Financial assets :</b>						
Loans	5	-	-	2,30,376	2,30,376	2,30,376
Cash and cash equivalents including other bank balances	9	-	-	2,13,83,564	2,13,83,564	2,13,83,564
Other financial assets	7	-	-	22,83,85,336	22,83,85,336	22,83,85,336
<b>Total financial assets</b>				<b>24,99,99,276</b>	<b>24,99,99,276</b>	<b>24,99,99,276</b>
<b>Financial liabilities :</b>						
Borrowings	12	-	-	1,18,20,78,750	1,18,20,78,750	1,18,20,78,750
Trade payables	15	-	-	65,45,186	65,45,186	65,45,186
<b>Total financial liabilities</b>				<b>1,18,86,23,936</b>	<b>1,18,86,23,936</b>	<b>1,18,86,23,936</b>

**Notes to financial instruments**

i. The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

ii. **Fair value hierarchy**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

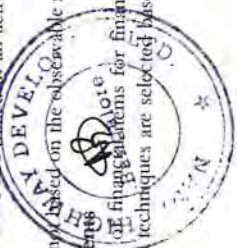
**Level 1:** Quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data rely as little as possible on entity specific estimates.

**Level 3:** Inputs for the assets or liabilities that are not based on the observable marked data (unobservable inputs).

**Measurement of fair value of financial instruments**

The Company's finance team performs valuations of financial instruments for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialist for complex valuations, wherever necessary. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information.



**Nandi Highway Developers Limited**  
**Summary of significant accounting policies and other explanatory information**  
**(All amounts in ₹, unless otherwise specified)**

**22 Tax expense**

Particulars	31 March 2020	31 March 2019
<b>A Tax expense comprises of:</b>		
Current tax	5,46,05,349	9,54,72,082
Deferred tax	1,28,72,487	(89,57,874)
Income tax expense reported in the statement of profit and loss	<b>6,74,77,836</b>	<b>8,65,14,208</b>
<b>B Reconciliation of tax expense and the accounting profit multiplied by India's tax rate</b>		
The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 29.12% (31 March 2019: 29.12%) and the reported tax expense in profit or loss are as follows:		
Book profits before tax from continuing operations	31,25,30,613	44,08,87,971
<b>Book profits before income tax</b>	<b>31,25,30,613</b>	<b>44,08,87,971</b>
Effective tax rate in India	<b>29.12%</b>	<b>29.12%</b>
Expected tax expenses charged/(credited)	9,10,08,914	12,83,86,577
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of non-deductible expenses	(2,35,31,079)	(4,18,72,369)
<b>Income tax expense</b>	<b>6,74,77,836</b>	<b>8,65,14,208</b>
<b>C Recognised deferred tax assets and liabilities</b>		
<b>Deferred tax asset arising on account of :</b>		
Expenses allowable on payment basis	-	
Gratuity	32,03,563	31,25,592
Leave encashment	22,11,638	22,54,973
Bonus	13,12,777	15,04,353
<b>Less: Deferred tax liability arising on account of :</b>	-	-
Depreciation	42,00,783	1,69,16,329
Impact of financial assets and liabilities carried at amortized cost	-	
Others	-	
	<b>1,09,28,761</b>	<b>2,38,01,246</b>

**23 Earnings/(loss) per share (EPS)**

Particulars	31 March 2020	31 March 2019
Weighted average number of shares outstanding during the year	3,75,00,006	3,75,00,006
Add: Dilutive effect of stock options	-	-
Weighted average number of shares used to compute diluted EPS	<b>3,75,00,006</b>	<b>3,75,00,006</b>
Net profit after tax attributable to equity shareholders	24,57,06,777	35,42,78,876
Earnings per share		
Basic (₹)	6.55	9.45
Diluted (₹)	6.55	9.45
Nominal value - Rupees (₹) per equity share	10	10

**24 Assets pledged as security**

The carrying amounts of assets pledged as security for non-current borrowings (refer note 12).

**Nandi Highway Developers Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise specified)

**Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 March 2020	Less than 1 year	1 years to 5 years	5 years and above	Total
<b>Non-derivatives</b>				
Borrowings*	22,50,00,000	72,25,20,750	-	94,75,20,750
Future interest payments	9,22,87,500	9,02,81,250	-	18,25,68,750
Trade payables	55,03,898	-	-	55,03,898
<b>Total</b>	<b>32,27,91,398</b>	<b>81,28,02,000</b>	<b>-</b>	<b>1,13,55,93,398</b>
<hr/>				
As at 31 March 2019	Less than 1 year	1 years to 5 years	5 years and above	Total
<b>Non-derivatives</b>				
Borrowings*	30,00,00,000	88,20,78,750	-	1,18,20,78,750
Future interest payments	11,63,62,500	15,64,87,500	-	27,28,50,000
Trade payables	65,45,186	-	-	65,45,186
<b>Total</b>	<b>42,29,07,686</b>	<b>1,03,85,66,250</b>	<b>-</b>	<b>1,46,14,73,936</b>

\* including current maturities of long term debt.

**c. Interest rate risk**

The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, 'Financial Instruments - Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

Particulars	31 March 2020	31 March 2019
Variable rate borrowing	-	-
Fixed rate borrowing	94,75,20,750	1,18,20,78,750
Interest free borrowing	-	-
<b>Total borrowings</b>	<b>94,75,20,750</b>	<b>1,18,20,78,750</b>

**Interest rate risk**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. The Company's borrowings are primarily in fixed rate and interest free borrowings, which do not expose it to significant interest rate risk.

**26 Capital Management**

The Company's objectives when managing capital are to:

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 maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors its capital using gearing ratio, which is net debt divided by total equity. Net debt includes long term borrowings, short term borrowings, current maturities of long term borrowings less cash and cash equivalents and other bank balances.

Particulars	31 March 2020	31 March 2019
Borrowings	94,75,20,750	1,18,20,78,750
Less: Cash and cash equivalents	(6,63,96,327)	(2,13,83,564)
Net debt	88,11,24,423	1,16,06,95,186
Total equity	1,05,04,01,899	80,46,95,122
Gearing ratio	0.84	1.44

(i) Equity includes all capital and reserves of the Company that are managed as capital.

(ii) Debt is defined long term and short term borrowings.



**Nandi Highway Developers Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise specified)

**27 A. Defined benefit plan**

The Company has funded gratuity plan. The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity at the rate of 15 days basic salary for each year of service until the retirement age. As at 31 March 2020 and 31 March 2019 the plan assets were invested in insurer managed funds.

The following tables set out the funded status of gratuity plans and the amount recognized in Company's financial statements :

Particulars	31 March 2020	31 March 2019
<b>1 The amounts recognized in the Balance Sheet are as follows:</b>		
Present value of the obligation as at the end of the year	3,33,31,651	2,93,89,521
Fair value of plan assets as at the end of the year	(2,23,30,405)	(1,86,56,033)
Net liability recognized in the Balance Sheet	<u>1,10,01,246</u>	<u>1,07,33,488</u>
<b>2 Changes in the present value of defined benefit obligation</b>		
Defined benefit obligation as at beginning of the year	2,93,89,521	2,52,48,708
Service cost:		
- Current service cost	26,48,628	23,67,342
- Past service cost	-	-
Interest cost	21,77,376	18,83,745
Actuarial losses/ (gains) arising from		
- change in demographic assumptions	-	(1,08,139)
- change in financial assumptions	-	1,83,373
- experience variance	2,38,029	2,45,211
Benefits paid	(11,21,903)	(4,30,719)
Defined benefit obligation as at the end of the year	<u>3,33,31,651</u>	<u>2,93,89,521</u>
<b>3 Changes in the fair value of plan assets</b>		
Fair value as at the beginning of the year	1,86,56,033	1,46,08,003
Interest on plan asset	14,18,631	11,27,106
Return on plan assets	8,92,029	2,25,558
Contributions	24,85,615	31,26,085
Benefits paid	(11,21,903)	(4,30,719)
Fair value as at the end of the year	<u>2,23,30,405</u>	<u>1,86,56,033</u>
Non-current	1,10,01,246	1,07,33,488
Current	-	-
Assumptions used in the above valuations are as under:		
Interest rate	12.00%	12.00%
Discount rate	7.60%	7.60%
Salary increase	12.00%	12.00%
Attrition rate		
21-30	6%	6%
31-40	1%	1%
41-50	2%	2%
51-57	7%	7%
Retirement age (in years)	58	58
Mortality	(Indian Assured Lives Mortality (2012-14)Ult Table.	
<b>4 Net gratuity cost for the year ended 31 March 2020 and 31 March 2019 comprises of following components.</b>		
Service cost	26,48,628	23,67,342
Net interest cost on the net defined benefit liability	(1,33,284)	5,31,081
	<u>25,15,344</u>	<u>28,98,423</u>
<b>5 Other Comprehensive income/ (loss)</b>		
Change in financial assumptions	-	1,83,373
Experience variance (i.e. actual experience vs assumptions)	2,38,029	2,45,211
Return on plan assets, excluding amount recognized in net interest expense	(8,92,029)	(2,25,558)
Change in demographic assumptions	-	(1,08,139)
	<u>(6,54,000)</u>	<u>94,887</u>



**Nandi Highway Developers Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise specified)

**27 B. Defined contribution plan**

The Company provides benefits in the nature of defined contribution plans viz, employee state insurance scheme, provident fund and superannuation fund for qualifying employees. Under these Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 11,862,094 (31 March 2019: ₹ 11,280,899) towards contribution for mentioned funds in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

**C. Sensitivity analysis**

**Description of Risk Exposures**

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

**Interest Rate Risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial

**Liquidity Risk:** This is the risk that the Company is not able to meet the short term benefit pay-outs. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

**Salary Escalation Risk:** The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk:** The company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

**Regulatory Risk:** Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity pay-outs (for example, increase in the maximum liability on gratuity of ₹ 10,00,000).

**Asset Liability Mismatching or Market Risk:** The duration of the liability is longer compared to duration of assets exposing the company to market risks for volatilities/fall in interest rate.

**Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

**Gratuity**

Particulars	31 March 2020		31 March 2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 0.5%)	6.55%	-6.00%	6.55%	-6.00%
Salary Growth Rate (- / + 0.5%)	-5.31%	5.53%	-5.31%	5.53%

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

There is no change in the method of valuation for the prior period.

**D. Effect of Plan on Entity's Future Cash Flows**

a) Funding arrangements and Funding Policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

Particulars	31 March 2020	
b) Expected Contribution during the next annual reporting period		
The Company's best estimate of Contribution during the next year	8.93	15,00,000
c) Maturity Profile of Defined Benefit Obligation		
Weighted average duration (based on discounted cash flows)		12.53 years
Expected cash flows over the next (valued on undiscounted basis):		
1 year	3.6453194	14,79,680
2 to 5 years	3.8629764	43,80,878
6 to 10 years & above	4.0551887	8,76,43,111



**Nandi Highway Developers Limited**  
**Summary of significant accounting policies and other explanatory information**  
**(All amounts in ₹, unless otherwise specified)**

**28 Related party transactions**

**A. Details of related parties:**

Description of relationship	Names of related parties
Holding Company (HC)	BF Utilities Limited
Key Managerial Personnel (KMP)	Mr. Shivkumar Kheny, Executive Director Mr. N Bala Krishna, CFO & CS
Enterprises over which Company has significant influence	Nandi Economic Corridor Enterprise Ltd. (NECE) Nandi Infrastructure Corridor Enterprise Ltd. (NICE) Nandi Engineering Limited (NEL) BF Investment Limited Nandi Infrastructure Capital Company Ltd. (NICCL)

**B. Details of related party transactions during the year ended 31 March 2020 and 31 March 2019:**

Nature of Transaction	HC	KMP	Enterprises over which the Company has significant influence
<b>Final / Interim Dividend Paid</b>			
For the Year 2019-20	-	-	-
For the Year 2018-19	26,99,99,964	-	12,39,99,983
<b>Received/(Paid) towards Goods/Service</b>			
For the Year 2019-20	-	-	1,30,09,500
For the Year 2018-19	-	-	1,23,90,000
<b>Remuneration to KMP</b>			
For the Year 2019-20	-	1,38,21,332	-
For the Year 2018-19	-	46,75,966	-

**C. Details of related party balance outstanding as at 31 March 2020 and 31 March 2019**

Nature of Transaction	HC	KMP	Enterprises over which the Company has significant influence
<b>Balance of advances outstanding</b>			
As at 31 March, 2020	-	-	35,65,96,208
As at 31 March, 2019	-	-	36,65,19,438



## Nandi Highway Developers Limited

### Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless otherwise specified)

#### 29 Leases

##### Operating lease

The company has taken various residential/commercial premises on cancellable operating leases. As per the terms and conditions mentioned in the respective lease agreements, the same are generally renewed on expiry of the lease period and there is no lock-in-period in such operating lease taken by the company. Rent expense debited to statement of profit and loss for above mentioned cancellable operating leases for the year ended 31 March 2020 is Rs 1,10,25,000 (for the year ended 31 March 2019 is Rs. 1,05,00,000).

#### 30 Events occurring after the reporting date

No adjusting or significant non-adjusting events have occurred between 31 March 2020 and the date of authorization of these standalone financial statements.

#### 31 Commitments:

Particulars	31 March 2020	31 March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-

#### 32 Contingent liabilities:

Particulars	31 March 2020	31 March 2019
Claims against the Company not acknowledged as debts	-	-

#### 33 Corporate social responsibility

The overall CSR expenditure to be spent by the Company during the financial year 2019-20 is Rs 73.15 lakhs. (Budgeted amount) which is more than two percent of the average net profits of the company made during the three immediate preceding financial years, in pursuance of its Corporate Social Responsibility Policy of the Company in terms of section 135 of the Companies Act 2013. And Company had spent an amount of Rs 37.8 Lakhs during FY 2019-20 and the Unspent Amount on Ongoing activities is Rs 35.35 Lakhs.

#### 34 Scheme of the Amalgamation

As per the Sections 230 to 232 of the Companies Act 2013, The Company had obtained approval of shareholders for Amalgamation of Nandi Highway Developers Ltd (Transferee company) and Nandi Infrastructure capital company Ltd (Transferor Company) during the year 2019-20. and the company had submitted petition before National Company Law Tribunal (NCLT) for approval of the scheme of the amalgamation between Nandi Highway Developers Ltd (NHDL) and Nandi Infrastructure capital company Ltd (NICCL). The NCLT had dispensed convening of separate meeting of creditors and shareholders in view of no objections received from them. NCLT further directed the company to submit copies of petition to the concerned Registrar of Companies (ROC), Regional Director (RD), Official Liquidator (OL), Income Tax Office (ITO) and the Competition commission of India for seeking their objections if any for the proposed scheme of Amalgamation accordingly the company had served petition copies to them and awaiting their confirmation.

#### 35 Hybrid Electronic Toll Collection work Implementation at Toll Road

Company had undertaken the Hybrid Electronic Toll Collection work (HETC) As per the Ministry of Road Transport and Highways (MoRTH) directive during the year 2019-20 and work is in progress and Complete cost pertaining to HETC work to be born by the MoRTH/NHAI /NH

#### For Alavandi and Associates

Chartered Accountants  
Firm's Registration No.: 012933S





Mallikarjunappa Alavandi  
Proprietor  
Membership No. : 202157

Bengaluru  
30th July 2020



#### For and on behalf of the Board of Directors of Nandi Highway Developers Limited

Ashok Kumar Kheny Shivkumar Kheny  
Director Executive Director  
DIN: 00248397 DIN: 01487360

Bengaluru  
30th July 2020

Bengaluru  
30th July 2020



N. Bala Krishna  
Chief Financial Officer  
& Company Secretary

Bengaluru  
30th July 2020