

# INDEPENDENT AUDITOR'S REPORT

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**TO  
THE MEMBERS OF  
MBL (CGRG) ROAD LIMITED**

## Report on the Financial Statements

### Opinion

We have audited the accompanying financial statements of **MBL (CGRG) ROAD LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss (including other comprehensive income) for the period 01st April 2019 to 31st March 2020, the Cash Flow Statement for the year then ended and the statement of changes in equity for the period, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the 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 its profit (including other comprehensive income), its cash flows and the statement of changes in equity 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.

## Management's Responsibility for Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act 2013 ("the Act") read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the

auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
- II. 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 (including other comprehensive income), the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules issued there under;
  - e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
  - 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 having any material foreseeable losses; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020

**For, H. K. Shah & Co.,**  
***Chartered Accountants***  
**FRN: 109583W**

**CA Gopesh K Shah**  
**Partner**  
**M. No. 106204**

**Place: Ahmedabad**  
**Date: 1<sup>st</sup> June 2020**

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

(Referred to in paragraph – 1 on Report on Other Legal and Regulatory Requirements of our report of even date)

- i. In respect of Property, Plant and Equipment:  
The company does not have any property, plant and equipment during the year. So the reporting obligation under this clause is not applicable.
- ii. In respect of inventories:  
The company does not have any inventories during the year. So the reporting obligation under this clause is not applicable.
- iii. In respect of loans granted:  
The Company has not granted any loans, secured or unsecured, during the year.
- iv. In respect of loans, investments, guarantees and security:  
According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, guarantees and security or not made any investment as stipulated in section 185 and 186 of the Companies Act, 2013.
- v. In respect of acceptance of deposits:  
The Company has not accepted any deposits with non-compliance of directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi. In respect of cost records:  
In our opinion and according to the information and explanations given to us, the Company does not fall within the criteria prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013.

- vii. In respect of statutory dues:
  - a. According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sale-tax, service-tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.
  - b. According to the information and explanations given to us, there is no amount due on account of dispute in respect of income-tax or sales-tax or service-tax or duty of customs or duty of excise or value added tax.
  
- viii. In respect of default of repayment of loans or borrowing:

According to the information and explanations given to us and on the basis of our examination of the records, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank or Government or debenture holders.
  
- ix. In respect of application of money raised:

According to the information and explanations given to us and on the basis of our examination of the records, the Company has not raised the money by way of initial public offer or further public offer (including debt instruments) and term loans.
  
- x. In respect of fraud:

To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by or on the Company has been noticed or reported during the year.
  
- xi. In respect of managerial remuneration:

According to the information and explanations given to us and on the basis of our examination of the records, 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, 2013.
  
- xii. In respect of Nidhi Company:

According to the information and explanations given to us and on the basis of our examination of the records, the company is not a Nidhi Company.
  
- xiii. In respect of transactions with related parties:

According to the information and explanations given to us and on the basis of our examination of the records, all the transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
  
- xiv. In respect of allotment or placement of shares:

According to the information and explanations given to us and on the basis of our examination of the records, the Company has made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review

and the moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans are applied for the purposes for which those are raised.

xv. In respect of non-cash transaction:

According to the information and explanations given to us and on the basis of our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with them in non-compliance of provision of section 192 of the Companies Act, 2013.

xvi. In respect of registration with RBI:

According to the information and explanations given to us and on the basis of our examination of the records, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and so, registration has not been obtained.

**For, H. K. Shah & Co.,**  
***Chartered Accountants***  
**FRN: 109583W**

**CA Gopesh K Shah**  
**Partner**  
**M. No. 106204**

**Place: Ahmedabad**  
**Date: 1<sup>st</sup> June 2020**

## Annexure - B to the Independent Auditor's Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MBL (CGRG) ROAD LIMITED** ("the company") as of 31 March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013. As informed to us the internal audit is being conducted for the parent company, which covers the subsidiary company audited by us.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls over Financial Reporting

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

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

## Opinion

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

**For, H. K. Shah & Co.,**  
***Chartered Accountants***  
**FRN: 109583W**

**CA Gopesh K Shah**  
**Partner**  
**M. No. 106204**

**Place:** Ahmedabad  
**Date:** 1<sup>st</sup> June 2020

**MBL (CGRG) Road Limited****Balance Sheet as at 31 March 2020**

(Rs in lakhs)

	Notes	As at 31 March 2020	As at 31 March 2019
<b>Assets</b>			
<b>1. Non-current assets</b>			
(a) Financial assets			
- Service concession receivables	4	63,511	50,203
(b) Non-current tax assets (net)	5	373	284
(c) Other non-current assets	6	4,941	91
<b>Total non-current assets</b>		<b>68,825</b>	<b>50,578</b>
<b>2. Current assets</b>			
(a) Financial assets			
(i) Service concession receivables	7	1,816	462
(ii) Cash and cash equivalents	8	152	373
(iii) Other financial assets	9	2,347	-
(b) Other current assets	10	2,225	2,167
<b>Total current assets</b>		<b>6,540</b>	<b>3,002</b>
<b>Total assets</b>		<b>75,365</b>	<b>53,580</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	11	5	5
(b) Instrument entirely equity in nature	11	5,647	5,647
(c) Other equity	11	145	(629)
<b>Total equity</b>		<b>5,797</b>	<b>5,023</b>
<b>Liabilities</b>			
<b>1. Non-current liabilities</b>			
(a) Financial liabilities			
- Borrowings	12	41,542	20,500
(b) Other non current liability	13	3,941	-
(c) Deferred tax liabilities (net)	14	31	218
<b>Total non-current liabilities</b>		<b>45,514</b>	<b>20,718</b>
<b>2. Current liabilities</b>			
(a) Contract liabilities	15	414	4,978
(b) Financial liabilities			
(i) Borrowings	16	7,653	5,742
(ii) Trade payables	17		
- Due of micro enterprises and small enterprises		-	-
- Due of creditors other than micro enterprises and small enterprises		14,445	16,277
(iii) Other financial liabilities	18	1,415	446
(c) Other current liabilities	19	127	397
<b>Total current liabilities</b>		<b>24,054</b>	<b>27,839</b>
<b>Total equity and liabilities</b>		<b>75,365</b>	<b>53,580</b>

Notes forming part of the financial statements 1 to 40

As per our report of even date

**For H. K. Shah & Co.**

Chartered Accountants

Firm Registration Number 109583W

**For and on behalf of the Board****CA Gopesh K. Shah**

Partner

Membership Number 106204

**Lalit Kumar Jain**

Director

DIN 08382081

**Harshit Khandelwal**

Director

DIN 07851142

Place: Ahmedabad

Date : 1 June 2020

Place: Mumbai

Date : 1 June 2020

**MBL (CGRG) Road Limited****Statement of Profit and Loss for the year ended 31 March 2020**

(Rs in lakhs)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	20	29,757	58,428
Other income	21	6,530	791
<b>Total income</b>		<b>36,287</b>	<b>59,219</b>
<b>Expenses</b>			
Sub-contracting costs	22	28,876	53,742
Finance costs	23	3,597	1,193
Other expenses	24	3,227	4,685
<b>Total expenses</b>		<b>35,700</b>	<b>59,620</b>
<b>Profit before tax</b>		<b>587</b>	<b>(401)</b>
<b>Income tax expense</b>			
- Current tax	25	0	-
- Deferred tax charge/ (credit)	25	(187)	210
<b>Profit/ (loss) for the year</b>		<b>774</b>	<b>(611)</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>774</b>	<b>(611)</b>
<b>Earnings per equity share of Rs.10 each fully paid up</b>	30		
Basic (Rs)		1,547.15	(1,222.11)
Diluted (Rs)		1.37	(1,222.11)

**Notes forming part of the financial statements** 1 to 40

As per our report of even date

**For H. K. Shah & Co.**

Chartered Accountants

Firm Registration Number 109583W

**For and on behalf of the Board****CA Gopesh K. Shah**

Partner

Membership Number 106204

**Lalit Kumar Jain**

Director

DIN 08382081

**Harshit Khandelwal**

Director

DIN 07851142

Place: Ahmedabad

Date : 1 June 2020

Place: Mumbai

Date : 1 June 2020

**MBL (CGRG) Road Limited****Notes forming part of the financial statements****Statement of changes in equity for the year ended 31 March 2020****A. Equity share capital**

(Rs in lakhs)

<b>Balance as at 31 March 2018</b>	<b>5</b>
Changes in equity share capital	-
<b>Balance as at 31 March 2019</b>	<b>5</b>
Changes in equity share capital	-
<b>Balance as at 31 March 2020</b>	<b>5</b>

**B. Instruments entirely equity in nature**

(Rs in lakhs)

<b>Balance as at 31 March 2018</b>	<b>2,824</b>
Issue of compulsorily convertible debentures	2,823
<b>Balance as at 31 March 2019</b>	<b>5,647</b>
Issue of compulsorily convertible debentures	-
<b>Balance as at 31 March 2020</b>	<b>5,647</b>

**C. Other equity**

(Rs in lakhs)

	Attributable to owners of MBL (CGRG) Road Limited	
	Retained earnings	Total other equity
<b>Balance as at 31 March 2018</b>	<b>(18)</b>	<b>(18)</b>
Loss for the year	(611)	(611)
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>(611)</b>	<b>(611)</b>
<b>Balance as at 31 March 2019</b>	<b>(629)</b>	<b>(629)</b>
Loss for the year	774	774
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>774</b>	<b>774</b>
<b>Balance as at 31 March 2020</b>	<b>145</b>	<b>145</b>

Notes forming part of the financial statements

1 to 40

As per our report of even date

**For H. K. Shah & Co.**

Chartered Accountants

Firm Registration Number 109583W

**For and on behalf of the Board****CA Gopesh K. Shah**

Partner

Membership Number 106204

**Lalit Kumar Jain**

Director

DIN 08382081

**Harshit Khandelwal**

Director

DIN 07851142

Place: Ahmedabad

Date : 1 June 2020

Place: Mumbai

Date : 1 June 2020

**MBL (CGRG) Road Limited**

**Statement of cash flows for the year ended 31 March 2020**

(Rs in lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. Cash flow from operating activities</b>		
Profit before tax	587	(401)
<b>Adjustments for</b>		
Interest income on financial assets	(1,089)	(37)
Gain on financial assets	(3,094)	(754)
Finance costs	3,597	(1,193)
<b>Operating profit before working capital changes</b>	<b>1</b>	<b>(2,385)</b>
<b>Adjustments for :</b>		
Trade and other receivables	(17,737)	(40,425)
Trade and other payables	(2,891)	18,656
<b>Cash used in operating activities</b>	<b>(20,627)</b>	<b>(24,154)</b>
Less: Direct taxes paid	(89)	(284)
<b>Net cash used in operating activities</b>	<b>(20,716)</b>	<b>(24,438)</b>
<b>B. Cash flow from investing activities</b>		
Interest income on financial assets - bank deposits	3	37
<b>Net Cash inflow from/ (outflow) from investing activities</b>	<b>3</b>	<b>37</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of compulsorily convertible debentures	-	2,823
Proceeds from long-term borrowings	45,816	20,500
Repayment of long-term borrowings	(23,720)	-
Proceeds from Short Term borrowings	2,864	-
Repayment of Short Term borrowings	(953)	(2,707)
Finance costs	(3,515)	1,225
<b>Net cash inflow from/ (outflow) from financing activities</b>	<b>20,492</b>	<b>21,841</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(221)</b>	<b>(2,560)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>373</b>	<b>2,931</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>152</b>	<b>372</b>

Notes :

1. Break up of cash and cash equivalents are as follows :-

(Rs in lakhs)

<b>Balances with banks in :-</b>		
Balance with banks	152	373
	<b>152</b>	<b>373</b>

2 As required by Ind AS 7 "Statement of Cash Flows", a reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities is given in note 38

3. Previous year figures are regrouped/ reclassified wherever considered necessary.

As per our report of even date

**For H. K. Shah & Co.**

Chartered Accountants

Firm Registration Number 109583W

**CA Gopesh K. Shah**

Partner

Membership Number 106204

Place: Ahmedabad

Date : 1 June 2020

**For and on behalf of the Board**

**Lalit Kumar Jain**

Director

DIN 08382081

Place: Mumbai

Date : 1 June 2020

**Harshit Khandelwal**

Director

DIN 07851142

# **MBL (CGRG) Road Limited**

## **Notes forming part of the financial statements**

### **1. Company information**

MBL (CGRG) Road Limited, ('the Company') is domiciled and incorporated in India and is a joint arrangement between RGY Roads Private Limited and Welspun Enterprises Limited. The Company is engaged into infrastructure development on Hybrid Annuity model basis.

The financial statements of the Company are prepared for the year ended 01 April 2019 to 31 March 2020 and authorised for issue by the Board of Directors at their meeting held on 1 June 2020.

### **2 Basis of preparation**

The financial statements have been prepared to comply in all material respects with the Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act and rules framed thereunder.

The financial statements have been prepared under the historical cost convention and on accrual basis, except for certain financial assets and liabilities which have been measured at

The financial statements are presented in Indian rupees (INR) with values rounded off to the nearest lakhs, except otherwise stated. Zero '0' denotes amount less than Rs 50,000/-

#### **(b) Current and non-current classification**

Assets and liabilities are classified as current if it is expected to realise or settle within twelve months after the balance sheet date. Deferred tax assets and liabilities are classified as non-current.

### **3 (A) Significant accounting policies**

#### **i) Current versus non-current classification**

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, 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

All other assets are classified as non-current.

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

The Company classifies all other liabilities as non-current.

The company has identified 12 months as its operating cycle.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

Subsequent to initial recognition, property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria is met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. The carrying amount of the replaced part accounted for as a separate asset previously is derecognized. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

Depreciation on property, plant and equipment is provided on written down value basis as per the rate derived on the basis of useful life and method prescribed under Schedule – II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

#### **iii) Impairment of non-financial assets**

The carrying amounts of other non-financial assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying amount exceeds its recoverable value. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the assets. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. The impairment loss recognized in prior accounting periods is reversed by crediting to the statement of profit and loss if there has been a change in the estimate of recoverable amount.

#### **iv) Service concession arrangements**

The Company constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include infrastructure used in a public-to-private service concession arrangement for its entire useful life.

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

Under Appendix C to Ind AS 115 - Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the Company receives a right (i.e. a franchisee) to charge users of the public service. The financial asset model is used to the extent the Company has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Company performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

In the financial assets model, the amount due from the grantor meet the identification of the receivable which is measured at fair value. Based on business model assessment, the Company measures such financial assets at fair value and subsequently also classifies the same as fair value through profit and loss ("FVTPL"). Any assets carried under concession arrangement is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial assets expire.

However, based on the internal and external developments affecting the Company's operation, management is required to reassess the business model of holding such financial asset. Based on such reassessment, asset carried under concession arrangement is reclassified from "FVTPL" to measured at amortized cost.

#### **v) Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3(C).

#### **a) Construction contract revenue**

The Company derives revenue from the long-term construction of major infrastructure projects across India. The transaction price is normally fixed at the start of the project. It is normal practice for contracts to include escalation clause based on timely construction or other performance criteria known as variable consideration, discussed below. Revenue is recognized over time in the construction stream, when the customer simultaneously receives and consumes the benefits provided through the entity's performance or when the Company creates or enhances an asset that the customer controls.

The Company recognises revenue from construction contracts, using an input method on the basis of accumulated project expenses in relation to estimated accumulated project expenses upon completion. This method reflects close approximation of actual work performed. A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

Contract revenue corresponds to the fair value of consideration received/ receivable from the customer to the extent that it is probable that they will result in revenue, and they are capable of being reliably measured.

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

#### **b) Services revenue**

The Company performs maintenance and other services. Revenue is recognised in the accounting period in which the services are rendered.

#### **c) Variable consideration**

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved, known as “constraint” requirements. The Company assesses the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise whilst also considering the constraint requirement.

#### **d) Interest income**

Interest income for all debt instruments, measured at amortised cost or fair value through other comprehensive income, is recognised using the effective interest rate ('EIR') method and shown under interest income in the statement of profit and loss. Interest income on interest bearing financial assets classified as fair value through profit and loss is shown as interest income under other income.

#### **e) Contract Balances**

##### **Contract assets and contract liabilities**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

Unlike the method used to recognise contract revenue related to construction contract, the amounts billed to the customer are based on achievement of the various milestones established in the contract. The amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to or certified by the customer. In the case of contracts in which the goods or services transferred to the customer exceed the related amount billed, the difference is recognised (as a contract asset) and presented in the statement of financial position under “Contract assets”, whereas in contracts in which the goods or services transferred are lower than the amount billed to the customer, the difference is recognised (as a contract liability) and presented in the statement of financial position under “Contract liabilities”.

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

#### **Trade receivables**

A trade receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Revenue earned from construction activities, but yet to be billed to customers, is initially recognised as contract assets and reclassified to trade receivables when the right to consideration becomes unconditional. We refer to the accounting policies on financial assets in this note for more information.

#### **f) Cost to obtain a contract**

The Company incurs costs to obtain the contracts such as bidding costs, feasibility study. The Company has charged these costs to statement of profit and loss as the Company does not expect to recover these costs.

#### **g) Financing components**

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer represents a financing component. As a consequence, the Company does not adjust any of the transaction prices for the time value of money. However incase financing element is present then the Company would split the transaction price between the consideration for services rendered and time value of money ('financing component')

#### **h) Loss making contracts**

A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

#### **vi) Taxes on income**

##### **a) Current tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

##### **b) Deferred tax**

Deferred tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

#### **vii) Foreign currency transactions**

The Company's financial statements are presented in INR, which is also the Company's functional currency. Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

#### **viii) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and other short term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

#### **ix) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except when the results would be anti-dilutive.

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

#### **x) Provisions, contingent liabilities and contingent assets**

##### **a) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

##### **b) Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation which is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized, but are disclosed in the financial statements.

##### **xi) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **A. Financial assets**

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

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset except for financial assets classified as fair value through profit or loss.

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

#### **Subsequent measurement**

For the purposes of subsequent measurement, financial assets are classified in four categories:

- a) Debt instruments measured at amortised cost
- b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)
- c) Debt instruments measured at fair value through profit or loss (FVTPL)
- d) Equity instruments measured at FVTOCI or FVTPL

#### **Debt instruments**

The subsequent measurement of debt instruments depends on their classification. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

##### **a) Debt instruments measured at amortised cost**

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the statement of profit and loss when the asset is derecognised or impaired. Income from these financial assets is included in interest income using the effective interest rate method.

##### **b) Debt instruments measured at FVTOCI**

Debt instruments that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payment of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest income which are recognised in statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in the OCI is reclassified from equity to statement of profit and loss. Income from these financial assets is included in interest income using the effective interest rate method.

##### **c) Debt instruments measured at 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 FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument (except as referred in 3 (A) (iv) 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.

##### **d) Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. The Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

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

#### **B. Derecognition of financial assets**

A financial asset is derecognised only when

- i) The Company has transferred the rights to receive cash flows from the financial asset or
- ii) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### **C. Reclassification of financial instruments**

The entity determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets, such as equity instruments designated as FVTPL or FVOCI. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those

#### **D. Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- i) Financial assets measured at amortised cost
- ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

Expected credit losses are measured through a loss allowance at an amount equal to

- i) the twelve months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within twelve after the reporting date) or
- ii) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

#### **E. Financial liabilities**

##### **a) Initial recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial liability at initial recognition. All financial liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial liability except for financial liabilities classified as fair value through profit or loss.

##### **b) Subsequent measurement**

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- a) Financial liabilities measured at amortised cost
- b) Financial liabilities measured at FVTPL (fair value through profit or loss)

##### **a) Financial liabilities measured at amortised cost**

After initial recognition, financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit and loss.

##### **b) Financial liabilities measured at fair value through profit or loss (FVTPL)**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities at fair value through profit or loss are carried in the statement of profit and loss at fair value with changes in fair value recognized in the statement of profit and loss.

##### **c) Derecognition**

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

##### **xii) Fair value measurement**

The Company measures financial instruments, such as, investment in debt and equity instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### **xiii) Government grants**

Government grants (except those existing on transition date) are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the statement of profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments.

#### **xiv) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a Substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

#### **xv) Exceptional items**

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

### **3 (B) Significant estimates, judgements and assumptions**

The preparation of financial statements requires management to exercise judgment in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

#### **a) Revenue from contracts with customers**

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- i. determination of stage of completion;
- ii. estimation of total contract costs;
- iii. estimation of total contract revenue, including recognising revenue on contract variations and claims only to the extent it is highly probable that a significant reversal in the amount recognised will not occur in the future;
- iv. estimation of project completion date; and
- v. assumed levels of project execution productivity.

#### **b) Contingencies and commitments**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that have a low probability of crystallising or are very difficult to quantify reliably, are treated as contingent liabilities. Such liabilities are disclosed in the notes, if any, but are not provided for in the financial statements. There can be no assurance regarding the final outcome of these legal proceedings.

#### **c) Impairment testing**

- i. Judgment is also required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made, including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances.
- ii. Determining whether the carrying amount of these assets has any indication of impairment also requires judgment. If an indication of impairment is identified, further judgment is required to assess whether the carrying amount can be supported by the net present value of future cash flows forecast to be derived from the asset. This forecast involves cash flow projections and selecting the appropriate discount rate.

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

#### **d) Taxes**

The Company periodically assesses its liabilities and contingencies related to income taxes for all years open to scrutiny based on latest information available. The Company records its best estimates of the tax liability in the current tax provision. The management believes that they have adequately provided for the probable outcome of these matters.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

#### **e) Fair Value Measurement**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. For details of the key assumptions used and the impact of changes to these assumptions (Refer note 27).

### **3 (C) Standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

**MBL (CGRG) Road Limited****Notes forming part of the financial statements**

(Rs in lakhs)

	As at 31 March 2020	As at 31 March 2019
<b>4 Non current financial assets</b>		
Service concession receivables	63,511	50,203
<b>Total</b>	<b>63,511</b>	<b>50,203</b>
<b>5 Non-current tax assets (net)</b>		
Balance with Government authorities - Direct tax (net of provision)	373	284
<b>Total</b>	<b>373</b>	<b>284</b>
<b>6 Other non-current assets</b>		
Balance with Government authorities	4,941	-
Prepaid expense	-	91
<b>Total</b>	<b>4,941</b>	<b>91</b>
<b>7 Current financial assets</b>		
Service concession receivables	1,816	462
<b>Total</b>	<b>1,816</b>	<b>462</b>
<b>8 Cash and cash equivalents</b>		
Balances with banks - In current accounts	152	373
<b>Total</b>	<b>152</b>	<b>373</b>
<b>9 Current financial assets - others</b>		
(Unsecured considered good, unless otherwise stated) Insurance Claim Receivable	2,347	-
<b>Total</b>	<b>2,347</b>	<b>-</b>
<b>10 Other current assets</b>		
(Unsecured considered good, unless otherwise stated) Advance against goods and services	7	2
Balance with government authorities - Indirect tax	1,875	2,165
Prepaid Expenses	343	-
<b>Total</b>	<b>2,225</b>	<b>2,167</b>

**MBL (CGRG) Road Limited****Notes forming part of the financial statements****11 Share capital and other equity****11(a) - Equity share capital**

	(Rs in lakhs)	
	As at 31 March 2020	As at 31 March 2019
<b>Authorised capital</b>		
5,000,000 (31 March 2019 5,000,000) equity shares of Rs 10 each	500	500
<b>Issued, subscribed and paid up</b>		
50,000 (31 March 2019 50,000) equity shares of Rs 10 each fully paid up	5	5
<b>Total</b>	<b>5</b>	<b>5</b>

**i) Reconciliation of number of shares outstanding**

	As at 31 March 2020		As at 31 March 2019	
	Number of equity shares	(Rs in lakhs)	Number of equity shares	(Rs in lakhs)
<b>At the beginning of the period</b>	50,000	5	50,000	5
Add : Issued during the year	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>50,000</b>	<b>5</b>	<b>50,000</b>	<b>5</b>

**ii) Rights, preference and restriction on shares**

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company the holder of the equity share will be entitled to receive remaining assets of the Company after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(iii) Shares held by holding/ ultimate holding companies and / or their subsidiaries/ associates/Co-venturers**

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% Holding	Number of shares	% Holding
Welspun Enterprises Limited	24,500	49.00%	24,500	49.00%
RGY Road Limited	25,450	50.90%	25,450	50.90%
MBL Infrastructures Limited	50	0.10%	50	0.10%

**MBL (CGRG) Road Limited****Notes forming part of the financial statements****(iv) Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% Holding	Number of shares	% Holding
Welspun Enterprises Limited	24,500	49.00%	24,500	49.00%
RGY Road Limited	25,450	50.90%	25,450	50.90%

v) The Company has not issued any bonus shares, shares issued for consideration other than cash and shares bought back during the last five years immediately preceding the reporting date 31 March 2020.

**11(b) - Instrument entirely equity in nature**

	(Rs in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Compulsorily convertible debentures ('CCD') 5,647,005 (31 March 2019 5,647,005) units of Rs 100 each, fully paid up	5,647	5,647
<b>Total</b>	<b>5,647</b>	<b>5,647</b>

**Terms and conditions**

Each unsecured debentures shall be compulsorily convertible into 10 equity shares of Rs 10 each of the Company at the end of the tenure.

The debenture holder and the Company may mutually agree to convert the debentures into equity shares at any time before expiry of the tenure and the same doesn't carry any interest.

**11(c) - Other Equity**

	(Rs in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Retained earnings	145	(629)
<b>Total</b>	<b>145</b>	<b>(629)</b>

(i) Retained earnings

<b>Opening balance</b>	<b>(629)</b>	<b>(18)</b>
Total comprehensive income for the year	774	(611)
<b>Closing balance</b>	<b>145</b>	<b>(629)</b>

## MBL (CGRG) Road Limited

### Notes forming part of the financial statements

	(Rs in lakhs)	
	As at 31 March 2020	As at 31 March 2019
<b>12 Non- current borrowings</b>		
<b><u>Secured</u></b>		
Term loans from Financial Institutions	24,414	20,500
Term loans from Banks	18,182	-
Less: Current Maturities (Refer note 18)	(1,054)	-
<b>Total</b>	<b>41,542</b>	<b>20,500</b>

#### a Nature of security and terms of repayments

##### L&T Financial Services

##### **i) Nature of security**

(i) First pari passu charges on all the borrowers immovable properties including lease hold rights, if any, together with land appurtenances thereon and thereunder, both present and future.

(ii) First pari passu charges on all borrowers tangible moveable assets including cash flows, receivables, moveable plant & machinery, machinery spares, tools & accessories, furniture & fixture, vehicles and other movable assets both present & future.

(iii) Lien over all accounts of the borrower, including the escrow accounts and sub accounts and all funds from time to time, deposited therein that may be opened in accordance with this loan agreement, the supplementary escrow agreement, or any of the other Project Documents subject to the concession agreement and escrow agreement.

(iv) First charge in all intangible assets, if any including but not limited to, goodwill rights, undertaking intellectual property and uncalled capital present & future excluding the project assets.

(v) first assignment/ charge by way of Security (by way of hypothecation deed/ indenture of mortgage) in

all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents (as defined under Concession Agreement) including concession agreement and EPC Contract

the right, title and interest benefits, claims and demands whatsoever of the Borrower in, to and under all the Government Approvals and clearances;

all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents; and

##### **Collateral security**

100% pledge of shares of the Company "49% from Welspun Enterprises Limited and 51% from MBL Infrastructure Limited including its subsidiaries and associates" by its holding company.

100% Pledge of Company equity shares and other instruments infused such as NCD / OCCDI Preference shares issued in lieu of equity till substitution. Post substitution, the equity shares pledged would be 51%. At all times during the tenure of the facility, 100% pledge of OCCPs / OCCDs / quasi equity issued by SPVs to be provided.

##### **ii) Repayment terms**

a) Rate of interest : 1 year MCLR plus 0.25% p.a.

b) Term loan is repayable in 28 half yearly installments starting from 2020 and ending in 2033.

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

#### **Aditya Birla Finance Limited**

##### **i) Nature of security**

(i) First mortgage and charge on all the Borrower's immovable properties, both present and future, save and except the Project Assets as defined in concession agreement.

(ii) First charge on all the Borrower's tangible moveable assets, including moveable plant and machinery. machinery Spares, tools and accessories. furniture, fixtures, vehicles and all other moveable assets. both present and future save and except the Project Assets as defined in concession agreement

(iii) First charge over all accounts of the Borrower, including, the Escrow Account and the Sub-Accounts but excluding Distribution Account, the Escrow Agreement and the Supplementary Escrow Agreement, or any of the other Project Documents as defined in Financing documents, and all funds from time to time deposited therein, the Receivables and all Permitted Investments or other securities

(iv) First charge on all intangible assets of the Borrower including but not limited to goodwill, rights, undertaking and uncalled capital, present and future, excluding the Project Assets.

(v) first assignment/ charge by way of Security (by way of hypothecation deed/ indenture of mortgage) in:

all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents

the right, title and interest of the Borrower in, to and under all the Clearances;

all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents; and

all the right, title, interest, benefits, claims and demands whatsoever of the Borrower under all Insurance Contracts;

(vi) pledge of the 99.90% paid up equity share capital, preference share capital, OCCPS/OCCDs/quasi equity issued by RGY Roads (free from all restrictive covenants, lien or other encumbrance under any contract, arrangement or agreement including but not limited to any shareholders agreement (if any), till 100% acquisition of borrower's equity shares by the Sponsor (WEL) and 51% (fifty one percent) of the paid up equity share capital Issued by RGY Roads and 100% preference shares of OCCPS/OCCDs/NCDs/quasi equity issued by RGY Roads post 100% acquisition of borrower's equity shares by the WEL

##### **ii) Repayment terms**

a) Rate of interest : ABFL LTRR minus spread of 7.60%%.

b) Term loan is repayable in 28 half yearly installments starting from October 2020 and ending in April 2034.

#### **Union Bank of India**

##### **i) Nature of security**

(i) First mortgage and charge on all the Borrower's immovable properties, both present and future, save and except the Project Assets as defined in concession agreement.

(ii) First charge on all the Borrower's tangible moveable assets, including moveable plant and machinery. machinery Spares, tools and accessories. furniture, fixtures, vehicles and all other moveable assets. both present and future save and except the Project Assets as defined in concession agreement

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

(iii) First charge over all accounts of the Borrower, including, the Escrow Account and the Sub-Accounts but excluding Distribution Account, the Escrow Agreement and the Supplementary Escrow Agreement, or any of the other Project Documents as defined in Financing documents, and all funds from time to time deposited therein, the Receivables and all Permitted Investments or other securities

(iv) First charge on all intangible assets of the Borrower including but not limited to goodwill, rights, undertaking and uncalled capital, present and future, excluding the Project Assets.

(v) first assignment/ charge by way of Security (by way of hypothecation deed/ indenture of mortgage) in:

all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents

the right, title and interest of the Borrower in, to and under all the Clearances;

all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents; and

all the right, title, interest, benefits, claims and demands whatsoever of the Borrower under all Insurance Contracts;

(vi) pledge of the 99.90% paid up equity share capital, preference share capital, OCCPS/OCCDs/quasi equity issued by RGY Roads (free from all restrictive covenants, lien or other encumbrance under any contract, arrangement or agreement including but not limited to any shareholders agreement (if any), till 100% acquisition of borrower's equity shares by the Sponsor (WEL) and 51% (fifty one percent) of the paid up equity share capital Issued by RGY Roads and 100% preference shares of OCCPS/OCCDs/NCDs/quasi equity issued by RGY Roads post 100% acquisition of borrower's equity shares by the WEL

(vi) pledge of the 99.90% paid up equity share capital, preference share capital, OCCPS/OCCDs/quasi equity issued by the Company (free from all restrictive covenants, lien or other encumbrance under any contract, arrangement or agreement including but not limited to any shareholders agreement (if any), till 100% acquisition of borrower's equity shares by the Sponsor (WEL) and 51% (fifty one percent) of the paid up equity share capital Issued by RGY Roads and 100% preference shares of OCCPS/OCCDs/NCDs/quasi equity issued by RGY Roads post 100% acquisition of borrower's equity shares by the WEL

#### **ii) Repayment terms**

a) Rate of interest : 1 year bank's MCLR

b) Term loan is repayable in 28 half yearly installments starting from October 2020 and ending in April 2034.

#### **Axis Bank of India**

##### **i) Nature of security**

(i) First mortgage and charge on all the Borrower's immovable properties, both present and future, save and except the Project Assets as defined in concession agreement.

(ii) First charge on all the Borrower's tangible moveable assets, including moveable plant and machinery. machinery Spares, tools and accessories. furniture, fixtures, vehicles and all other moveable assets. both present and future save and except the Project Assets as defined in concession agreement

## MBL (CGRG) Road Limited

### Notes forming part of the financial statements

(iii) First charge over all accounts of the Borrower, including, the Escrow Account and the Sub-Accounts but excluding Distribution Account, the Escrow Agreement and the Supplementary Escrow Agreement, or any of the other Project Documents as defined in Financing documents, and all funds from time to time deposited therein, the Receivables and all Permitted Investments or other securities

(iv) First charge on all intangible assets of the Borrower including but not limited to goodwill, rights, undertaking and uncalled capital, present and future, excluding the Project Assets.

(v) first assignment/ charge by way of Security (by way of hypothecation deed/ indenture of mortgage) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents

the right, title and interest of the Borrower in, to and under all the Clearances;

all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents; and

all the right, title, interest, benefits, claims and demands whatsoever of the Borrower under all Insurance Contracts;

(vi) pledge of the 99.90% paid up equity share capital, preference share capital, OCCPS/OCCDs/quasi equity issued by RGY Roads (free from all restrictive covenants, lien or other encumbrance under any contract, arrangement or agreement including but not limited to any shareholders agreement (if any), till 100% acquisition of borrower's equity shares by the Sponsor (WEL) and 51% (fifty one percent) of the paid up equity share capital Issued by RGY Roads and 100% preference shares of OCCPS/OCCDs/NCDs/quasi equity issued by RGY Roads post 100% acquisition of borrower's equity shares by the WEL

(vi) pledge of the 99.90% paid up equity share capital, preference share capital, OCCPS/OCCDs/quasi equity issued by the Company (free from all restrictive covenants, lien or other encumbrance under any contract, arrangement or agreement including but not limited to any shareholders agreement (if any), till 100% acquisition of borrower's equity shares by the Sponsor (WEL) and 51% (fifty one percent) of the paid up equity share capital Issued by RGY Roads and 100% preference shares of OCCPS/OCCDs/NCDs/quasi equity issued by RGY Roads post 100% acquisition of borrower's equity shares by the WEL

#### ii) Repayment terms

a) Rate of interest : 1 year bank's MCLR

b) Term loan is repayable in 28 half yearly installments starting from October 2020 and ending in April 2034.

### 13 Other non current liability

Statutory Dues Payable	3,941	-
	<b>3,941</b>	<b>-</b>

## MBL (CGRG) Road Limited

### Notes forming part of the financial statements

	(Rs in lakhs)	
	As at 31 March 2020	As at 31 March 2019
<b>14 Deferred tax liability (net)</b>		
Taxable temporary difference on account of service concession	31	218
<b>Total</b>	<b>31</b>	<b>218</b>
<b>15 Contract liability</b>		
Contract liabilities (Refer note 34)		
- Other parties	414	4,978
<b>Total</b>	<b>414</b>	<b>4,978</b>
	As at	As at
	31 March 2020	31 March 2019
<b>16 Current financial liability - borrowings</b>		
Short term borrowing - Related Party	1,196	90
Optionally convertible debentures - Refer note (b) (6,456,995 units (31 March 2019 : 5,651,995) of Rs 100 each, fully paid up	6,457	5,652
<b>Total</b>	<b>7,653</b>	<b>5,742</b>

#### Optionally Convertible Debentures ('OCD')

Each debenture having face value of Rs 100 each shall be convertible, at the option of the holder or the Company into 10 equity shares of Rs 10 each of the Company at any time after the expiry of 5 years and such conversion option shall be available till the expiry of the tenure (10 years from date of allotment) unless redeemed earlier. Besides, the Debenture holder as well as the Company has the right to seek redemption or do redemption, as the case may be, any time after the allotment of debentures. If the debentures are not converted into equity or redeemed until the expiry of the tenure, the debentures shall be redeemed at the expiry of the tenure.

#### 17 Trade payables

Due and outstanding other than from micro and small enterprises		
- related parties - (Refer note - 33)	13,974	16,220
- others	471	57
<b>Total</b>	<b>14,445</b>	<b>16,277</b>

Trade payables are non-interest bearing and are normally settled on 60 day terms

## MBL (CGRG) Road Limited

### Notes forming part of the financial statements

#### 18 Current financial liabilities - others

Current maturities of non-current borrowings - (Refer Note - 12) *	1,054	32
Security deposits/ retention money payable	361	414
<b>Total</b>	<b>1,415</b>	<b>446</b>

\* Includes interest accrued but not due Rs. Nil (31 March 2019 : Rs 32 lakhs)

#### 19 Other current liabilities

Statutory dues	127	397
<b>Total</b>	<b>127</b>	<b>397</b>

**MBL (CGRG) Road Limited****Notes forming part of the financial statements**

(Rs in lakhs)

	<u>Year ended</u> <u>31 March 2020</u>	<u>Year ended</u> <u>31 March 2019</u>
<b>20 Revenue from operations</b>		
Revenue from construction contract	27,571	55,753
Revenue from utility	2,186	2,675
<b>Total</b>	<b>29,757</b>	<b>58,428</b>
<b>21 Other income</b>		
Interest income on financial assets at amortised cost		
- On bank deposits	3	37
- On Others	0	-
- On financial assets	1,086	-
Net gain on financial assets mandatorily measured at fair value through profit and loss	3,094	754
Insurance claim	2,347	-
<b>Total</b>	<b>6,530</b>	<b>791</b>
<b>22 Sub-Contracting Cost</b>		
Civil and Sub Contracting Works	28,876	53,742
<b>Total</b>	<b>28,876</b>	<b>53,742</b>
<b>23 Finance costs</b>		
Interest expenses on financial liabilities at amortised cost		
- Term loans	3,098	566
- Others	436	310
Other borrowing costs	63	317
<b>Total</b>	<b>3,597</b>	<b>1,193</b>
<b>24 Other expenses</b>		
Project monitoring and maintenance fees	44	55
Rates and taxes	3,076	4,558
Insurance	81	43
Legal and professional fees	22	26
Directors sitting fees	3	1
Payment to Auditors :-		
- Audit fees	1	1
Miscellaneous expenses	-	1
<b>Total</b>	<b>3,227</b>	<b>4,685</b>

**MBL (CGRG) Road Limited**

**Notes forming part of the financial statements**

**25 Income tax**

The major components of income tax for the year ended 31 March 2020 are as under:

**i) Income tax related to items recognised in Statement of profit and loss during the year**

(Rs in lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Current tax</b>		
Current tax on taxable income for the year	0	-
<b>Deferred tax</b>		
Ind AS adjustment	(187)	210
<b>Total deferred tax charge/ (credit)</b>	<b>(187)</b>	<b>210</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>(187)</b>	<b>210</b>

**(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate**

(Rs in lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Accounting profit before tax	587	(401)
At India's statutory income tax rate	148	-
<b>Tax effect of amount which are not taxable in calculating taxable income :</b>		
Other non allowable adjustments	(334)	210
Income tax expenses reported in the statement of profit and loss (Refer Note 3 (A) (v)) in Significant Accounting Policies	(186)	210

**ii) (c) Deferred tax relates to the following:**

(Rs in lakhs)

	Balance Sheet		Recognized in the statement of profit and loss	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>A. Deferred tax liabilities (net)</b>				
<b>I). Deferred tax liabilities</b>				
Taxable temporary difference on account of service concession	31	218	(187)	210
<b>Deferred tax charge - Total</b>	<b>31</b>	<b>218</b>	<b>(187)</b>	<b>210</b>
<b>Deferred tax charge/(credit)</b>			<b>(187)</b>	<b>210</b>

(d) In accordance with Section 115BAA of income Tax Act, 1961 as introduced by the Taxation Laws (amendment) Ordinance, 2019 the Company has re-assessed Deferred Tax Assets ('DTA') on certain deductible temporary differences. Accordingly, during the quarter ended 31 March 2020, DTA (net) aggregating to Rs 1045 lakhs has been recognised. The same has been included in deferred tax charge/(benefit) in statement of profit and loss.

## MBL (CGRG) Road Limited

### Notes forming part of the financial statements

#### 26 Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board. The Company is exposed to market risk, credit risk and liquidity risk.

##### A Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligations provisions and on the non-financial assets and liabilities. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in respective market risks.

##### a) Interest rate risk

This refers to risk to Company's cash flow and profits on account of movement in market interest rates.

For the Company the interest risk arises mainly from interest bearing borrowings which are at floating interest rates. To mitigate interest rate risk, the Company closely monitors market interest.

##### (i) Interest rate risk exposure

(Rs in lakhs)

	As at 31 March 2020	As at 31 March 2019
Variable rate borrowings	42,596	20,532

##### (ii) Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact of change in interest rate of borrowings, as follows:

(Rs in lakhs)

Effect on Profit before tax	Year ended 31 March 2020	Year ended 31 March 2019
Interest rates : Increase by 50 basis points	(213)	(28)
Interest rates : Decrease by 50 basis points	213	28

##### B Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. As the customer of the Company is body corporate representing government, the credit risk is insignificant.

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Service concession receivables</b>		
Non-current	63,511	50,203
Current	1,816	462
<b>Total</b>	<b>65,327</b>	<b>50,665</b>

**MBL (CGRG) Road Limited****Notes forming part of the financial statements****C Liquidity risk**

a) Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

**b) Exposure to liquidity risk**

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March 2020

(Rs in lakhs)

<b>Financial Liabilities</b>	<b>Long term borrowings</b>	<b>Short term borrowings</b>	<b>Trade payables</b>	<b>Other financial liabilities</b>
Less than 1 year	1,054	7,653	14,445	361
Between 1 to 5 years	9,518	-	-	-
Beyond 5 years	32,024	-	-	-
<b>Total</b>	<b>42,596</b>	<b>7,653</b>	<b>14,445</b>	<b>361</b>

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March, 2019

(Rs in lakhs)

<b>Financial Liabilities</b>	<b>Long term borrowings</b>	<b>Short term borrowings</b>	<b>Trade payables</b>	<b>Other financial liabilities</b>
Less than 1 year	32	5,742	16,277	414
Between 1 to 5 years	3,616	-	-	-
Beyond 5 years	16,884	-	-	-
<b>Total</b>	<b>20,532</b>	<b>5,742</b>	<b>16,277</b>	<b>414</b>

**MBL (CGRG) Road Limited**

**Notes forming part of the financial statements**

**27 a) Fair value**

On comparison by class of the carrying amounts and fair value of the Company's financial instruments, the carrying amounts of the financial instruments reasonably approximates fair.

**Financial instruments by category** (Rs in lakhs)

	As at 31 March 2020		As at 31 March 2019	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
<b>Financial assets (other than investment in subsidiaries, joint venture and associates)</b>				
<b>Non-current assets</b>				
Service concession receivable	-	63,511	50,203	-
<b>Current assets</b>				
Service concession receivables	-	1,816	462	-
Cash and cash equivalents	-	152	-	373
Other financial assets	-	2,347	-	-
<b>Total financial assets</b>	<b>-</b>	<b>67,826</b>	<b>50,665</b>	<b>373</b>
<b>Financial liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	-	41,542	-	20,500
<b>Current liabilities</b>				
Borrowings	-	7,653	-	5,742
Trade payable	-	14,445	-	16,277
Other financial liabilities	-	1,415	-	446
<b>Total financial liabilities</b>	<b>-</b>	<b>65,055</b>	<b>-</b>	<b>42,964</b>

**b) Fair value hierarchy**

The fair values of the financial assets and liabilities are included at the amount 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.

(Rs in lakhs)

	Carrying amount	Fair value measurement		
	As at 31 March 2020	Level 1	Level 2	Level 3
Service concession receivable	-	-	-	-
	Carrying amount	Fair value measurement		
	As at 31 March 2019	Level 1	Level 2	Level 3
Service concession receivable	50,665	-	-	50,665

## **MBL (CGRG) Road Limited**

### **Notes forming part of the financial statements**

The following methods and assumptions were used to estimate the fair values:

- 1 Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which uses inputs that have a significant effect on the recorded fair value that are not based on observable market data.

- 2 The carrying amounts of loans, trade receivables, cash and cash equivalents, other bank balances, other financial assets, non-current and current borrowings, trade payables and other financial liabilities that are measured at amortised cost are considered to be approximately equal to the fair value due to short-term maturities of these financial assets/ liabilities.

## MBL (CGRG) Road Limited

### Notes forming part of the financial statements

#### 28 Service concession receivables

The Company manages concession arrangement which include the construction of road on hybrid annuity basis followed by a period in which the Company maintains and services the infrastructure. These concession arrangements set out rights and obligations relating to the infrastructure and services to be provided. For fulfilling those obligations, the Company is entitled to receive cash from the grantor. The Consideration received or receivable is allocated by reference to the relative fair value of the services provided. The same is classified and disclosed as current and non current service concession receivables in the balance sheet based on the criteria of current and non current classification mentioned in note 3(a).

#### 29 Capital Management

For the purpose of Company's capital management, capital includes issued capital and other equity reserves attributable to the shareholders. The primary objective of the Company's capital management is to maximize shareholder value. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants, if any.

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing borrowings, trade and other payables, less cash and cash equivalents.

(Rs in lakhs)

		As at 31 March 2020	As at 31 March 2019
Net Debt	A	65,444	47,935
Total Capital	B	5,797	5,023
Capital and net debt	C = A+B	71,241	52,959
<b>Gearing Ratio</b>	<b>A / C</b>	<b>91.86%</b>	<b>90.51%</b>

#### 30 Earnings per share (EPS)

(Rs in lakhs)

		As at 31 March 2020	As at 31 March 2019
Net profit/ (loss) after tax available for equity shareholders	A	774	(611)
Weighted average number of equity shares of Rs. 10 each outstanding during the year used for calculating basic EPS (Number of shares)	B	50,000	50,000
Add : Effect of dilutions :-			
Compulsorily Convertible Debentures (number of shares)		56,470,050	28,544,920
Weighted average number of equity shares of Rs. 10 each outstanding during the year used for calculating diluted EPS (Number of shares)	C	56,520,050	28,594,920
Basic earnings per share	A/ B	1,547.15	(1,222.11)
Diluted earnings per share	A/C	1.37	(1,222.11)

\* Compulsorily convertible debentures are anti-dilutive and ignored in the calculation of Diluted earnings per share for year ended 31 March 2019

#### 31 Segment information

The Company is engaged in business of infrastructure development which in the opinion of the management is considered the only business segment in the context of Ind AS 108. The geographical segment is not relevant as the Company operates in a single geographical segment in India.

#### 32 Collateral / security pledged

The Company has pledged following assets for borrowings

(Rs in lakhs)

	As at 31 March 2020	As at 31 March 2019
Property, plant and equipment (including Capital work-in-progress and Intangible assets)	-	-
Inventories	-	-
Other current and non-current assets excluding investments and tax	68,175	51,131
<b>Total assets pledged</b>	<b>68,175</b>	<b>51,131</b>

**MBL (CGRG) Road Limited**

**Notes forming part of the financial statements**

**33 Disclosure as required by Ind AS 24 - Related Party disclosures**

a) Particulars of relationship		Extent of holding	
		As at 31 March 2020	As at 31 March 2019
Name of the entities	Relationship		
Welspun Enterprises Limited	Co-venturer	49.00%	49.00%
RGY Road Private Limited	Co-venturer	50.90%	50.90%
MBL (GSY) Road Limited	Joint arrangement having common coventurer		

**b) Directors / Key managerial Personnel (KMP)**

Name of the Related Parties	
Mr. Mohan Manikkan *	Director
Mr. Navin Sinha **	Director
Mr. Harshit Khandelwal	Director
Ms. Mala Todarwal	Director
Mr. Raj Kumar Jain	Director
Mr. Lalit Kumar Jain ^	Director
Mr. Jitendra Jain ^^	Director

^ Appointed as director w.e.f. 26 June 2019

^^ Appointed as director w.e.f. 09 July 2019

\* Ceased to be director w.e.f. 26 June 2019

\*\* Ceased to be director w.e.f. 09 July 2019

**c) Related party transactions**

(Rs in lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Subcontracting, civil and repair work</b>		
Welspun Enterprises Limited	26,734	51,093
<b>Project monitoring and maintenance fees</b>		
Welspun Enterprises Limited	44	55
<b>Interest expenses on LC discounting</b>		
Welspun Enterprises Limited	281	-
<b>Loan given</b>		
MBL (GSY) Road Limited	-	50
<b>Loan given received</b>		
MBL (GSY) Road Limited	-	50
<b>Borrowings</b>		
Welspun Enterprises Limited	2,864	469
<b>Borrowings repaid/ adjusted</b>		
Welspun Enterprises Limited	953	3,176
<b>CCD issued</b>		
RGY Road Pvt Ltd	-	2,823
<b>Bank Guarantees Given on behalf of the Company</b>		
Welspun Enterprises Limited	-	3,297
<b>Bank Guarantees Discharged on behalf of the Company</b>		
Welspun Enterprises Limited	2,355	-
<b>Corporate Guarantees Discharged for performance security on behalf of the Company</b>		
Welspun Enterprises Limited	4,710	-
<b>Conversion of Loan to Optional Convertible Debentures issued</b>		
Welspun Enterprises Limited	805	-
<b>Director Sitting Fee</b>		
Raj Kumar Jain	2	1
Mala Todarwal	2	1

**MBL (CGRG) Road Limited****Notes forming part of the financial statements****Closing balances as at**

(Rs in lakhs)

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>Compulsorily Convertible Debentures</b>		
Welspun Enterprises Limited	2,824	2,824
RGY Road Pvt Ltd	2,823	2,823
<b>Investment Optional Convertible Debentures</b>		
Welspun Enterprises Limited	6,457	5,652
<b>Prepaid Expenses - LC Interest</b>		
Welspun Enterprises Limited	47	-
<b>Guarantee outstanding for performance security</b>		
Welspun Enterprises Limited	-	4,710
<b>Bank guarantee outstanding</b>		
Welspun Enterprises Limited	942	3,297
<b>Borrowings</b>		
Welspun Enterprises Limited	1,196	90
<b>Trade payables</b>		
Welspun Enterprises Limited	13,974	16,220

During the earlier years, Welspun Enterprises Limited ('WEL') had given guarantee to lenders debt availed by the Company, pursuant to which maximum exposure of WEL aggregates to Rs 16,008 lakhs (31 March 2019 Rs 10,530 lakhs )

Transactions with related parties are at the arm's length and in the ordinary course of business. All the outstanding balance are unsecured and settled for consideration in cash.

**MBL (CGRG) Road Limited****Notes forming part of the financial statements****34 Disclosure as required by Ind AS 115****A) Disaggregation of Revenue**

Having regard to the nature of contract with customer, there is only one type of category of revenue, hence disclosure of disaggregation of revenue is not given.

**B) Contract Balances**

	As at 31 March 2020	(Rs in lakhs) As at 31 March 2019
Contract liabilities	414	4,978

**a) Explanation for decrease in Contract liabilities**

(i) A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer and an excess of billing over revenue i.e. unearned revenue. The decrease in Contract liabilities in March 2020 is on account of reduction of mobilisation advance as per the terms of the contract.

(ii) During the year, Contract liabilities worth Rs 414 lakhs (31 March 2019 Rs 4,978 lakhs) representing mobilisation advances are reclassified from Other Current Liabilities to the face of balance sheet as separate line item under the head Current liabilities. Considering the nature and surrounding circumstances, management believes that this reflects the true classification of the liability. The impact of this change is considered to be immaterial on the Company's financial performance and position.

**35 Concession arrangements - main features**

Chutmalpur-Ganeshpur and Roorkee-Gagalherisection Highway

(i) Name of the concession :

(ii) Description of arrangements :

4-Laning of Chutmalpur-Ganeshpur section of NH-72A from km 0.000 (km 22.825 of NH-73) to km 16.000 (Design Chainage km 17.900) & Roorkee-Chutmalpur-Gagalherisection of NH-73 from km 0.000 (km 167.800 of NH- 58) to km 33.000 (Design Chainage 35.400) in the State of Uttarakhand and Uttar Pradesh under NHDP-IV on HAM basis.  
Period of Concession: 730 days + 15 Years from COD. Construction Period: 730 days from Appointed Date 28-02-2018

(iii) Significant terms of arrangements :

Remuneration: Annuity, Interest and O&M  
Investment grant from concession grantor: Yes  
Infrastructure return to grantor at end of concession: Yes  
Investment and renewal obligations: No  
Re-pricing dates: Half Yearly for O&M  
Basis upon which re-pricing or re-negotiation is determined: Inflation Financial asset

(iv) Financial assets (Service concession receivables) : Rs in lakhs

a) Current	1,816
a) Non Current	63,511

As on 31 March 2020 the project is in construction phase.

During the year, the Company has reclassified service concession receivable out of fair value through profit or loss category into amortized cost category.

a) Date of reclassification	1 January 2020
b) the amount reclassified into and out of each category	64843 Lakhs
c) the effective interest rate determined on the date of reclassification	7.74%
d) the interest revenue recognised	1086 lakhs

**36** Under the Micro, Small and Medium Enterprise Development Act, 2006 ("MSMED Act"), certain disclosures relating to amounts due to micro, small and medium enterprises are required to be made. As the relevant information is not given or confirmed by such enterprises in view of the management, the impact of interest, if any, which may subsequently become payable to such enterprises in accordance with the provisions of the Act, would not be material and the same, if any, would be disclosed in the year of payment of interest.

**MBL (CGRG) Road Limited****Notes forming part of the financial statements****37 Details of loans given, investments made and guarantee given covered U/s 186 of the Companies Act, 2013**

The Company is engaged in the business of providing infrastructural facilities as specified under Schedule VI of the Companies Act 2013 (the 'Act') and hence the provisions of Section 186 of the Act related to loans/ guarantees given or securities provided are not applicable to the Company. There are no investments made by the Company during the year.

**38 Reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities as required by Ind AS 7 "Statement of Cash Flows" is as under:**

	Equity share capital	Compulsorily convertible debentures	Long term borrowings	Short term borrowings - Related Party
<b>As at 31 March 2019</b>	5	5,647	20,500	5,742
Cash inflows	-	-	45,816	2,864
Cash outflows	-	-	(23,720)	(953)
Non cash changes :				
a) Interest accrued	-	-	-	-
b) Others	-	-	-	-
<b>As at 31 March 2020</b>	<b>5</b>	<b>5,647</b>	<b>42,596</b>	<b>7,653</b>

**39 Estimation of uncertainty relating to COVID - 19 Outbreak**

The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements. Due to the nature of the pandemic, the Company will continue to monitor developments to Identify significant uncertainties in future periods, if any.

**40 Figures for the previous year are re-classified/ re-arranged/ re-grouped, wherever necessary to be in conformity with the figures of the current year's classification/ disclosure.**

As per our report of even date

**For H. K. Shah & Co.**

Chartered Accountants

Firm Registration Number 109583W

**For and on behalf of the Board**

**CA Gopesh K. Shah**

Partner

Membership Number 106204

Place: Ahmedabad

Date : 1 June 2020

**Lalit Kumar Jain**

Director

DIN 08382081

Place: Mumbai

Date : 1 June 2020

**Harshit Khandelwal**

Director

DIN 07851142