

Praj Engineering and Infra Limited

Balance sheet as at 31st March 2020

(All amounts are in Indian rupees million unless otherwise stated)

	Particulars	Note No.	31 March 2020	31 March 2019
	ASSETS			
(1)	Non-current assets			
	Property, plant and equipment	3	3.344	3.982
	Financial assets			
	Investments	4	0.013	0.115
	Loans	5	0.476	0.657
	Deposits with banks	6	50.607	31.494
	Deferred tax assets (net)	22	14.997	20.464
	Total non-current assets		69.437	56.712
(2)	Current assets			
	Financial assets			
	Investments	4	32.000	32.950
	Trade receivables	7	114.715	81.044
	Cash and cash equivalents	8	55.753	39.460
	Other bank balances	9	19.472	32.500
	Others	6	5.042	4.004
	Current tax asset (Net)		15.915	17.255
	Other current assets	10	45.888	32.346
	Total current assets		288.785	239.559
	TOTAL ASSETS		358.222	296.271
	EQUITY AND LIABILITIES			
	Equity			
	Equity share capital	11	3.098	3.098
	Other equity	12	83.536	68.114
	Total equity		86.634	71.212
(1)	LIABILITIES			
	Non-current liabilities			
	Provisions	13	0.575	0.541
	Total non-current liabilities		0.575	0.541
(2)	Current liabilities			
	Financial liabilities			
	Trade payables	14	97.196	110.058
	Other financial liabilities	15	4.606	11.455
	Other current liabilities	16	169.146	102.949
	Provisions	13	0.065	0.056
	Total current liabilities		271.013	224.518
	Total liabilities		271.588	225.059
	TOTAL EQUITY AND LIABILITIES		358.222	296.271

Corporate information

1

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For M/s P.G. Bhagwat
Chartered Accountants
Firm Regn No: 101118W

For and on behalf of the Board of Directors of
Praj Engineering and Infra Limited

Sandeep Rao
Partner
Membership No.: 47235
Place: Pune
Date: 20 May 2020

Dattatraya Nimbolkar
Director
(DIN : 01104587)

Sachin Raole
Director
(DIN : 00431438)

Praj Engineering and Infra Limited

Statement of profit and loss for the year ended 31st March 2020

(All amounts are in Indian rupees million unless otherwise stated)

Particulars	Note No.	31 March 2020	31 March 2019
Income			
Revenue from operations	17	246.727	288.760
Other income	18	8.846	7.799
Total income		255.573	296.559
Expenses			
Cost of materials consumed		17.344	0.477
Operating, selling and other costs	19	200.768	267.674
Employee benefits expense	20	9.753	9.231
Finance costs	21	(0.009)	(0.019)
Depreciation and amortization expense	3	0.637	0.637
Total expenses		228.493	278.000
Profit / (loss) before tax		27.080	18.559
Tax expense	22		
(1) Current tax		4.774	4.002
(2) Deferred tax		5.467	2.729
(3) Adjustment of tax relating to earlier periods		1.434	(0.425)
Total tax expense		11.675	6.306
Profit (Loss) for the period from continuing operations		15.405	12.253
Profit/(loss) for the period		15.405	12.253
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Re-measurement of defined benefit plans		0.017	(0.053)
Income tax relating to items that will not be reclassified to profit or loss		-	-
Total other comprehensive income		0.017	(0.053)
Total comprehensive income for the period (Comprising of profit (loss) and other comprehensive Income for the period)		15.422	12.200
Earnings / (loss) per equity share	23		
(1) Basic		49.72	39.55
(2) Diluted		49.72	39.55
Corporate information	1		
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			
As per our report of even date.			
For M/s P.G. Bhagwat Chartered Accountants Firm Regn No: 101118W		For and on behalf of the Board of Directors of Praj Engineering and Infra Limited	
Sandeep Rao Partner Membership No.: 47235 Place: Pune Date: 20 May 2020	Dattatraya Nimbolkar Director (DIN : 01104587)	Sachin Raole Director (DIN : 00431438)	

Praj Engineering and Infra Limited

Statement of Cash flows for the year ended 31 March 2020

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2020	31 March 2019
A. Cash flow from operating activities		
Profit / (loss) before tax	27.080	18.559
Adjustments for:		
Bad debts / Provision for doubtful debts and advances	14.150	11.439
Excess provision / creditors written back (including advances)	-	(0.018)
Depreciation and amortisation	0.637	0.637
Interest earned	(8.697)	(7.778)
Dividend from mutual fund investments	-	(0.003)
Operating profit before working capital changes	33.170	22.836
Changes in working capital		
(Increase) /decrease in trade receivables	(47.821)	5.971
(Increase)/decrease in inventories (including contracts in progress)	(12.543)	7.522
(Increase)/decrease in non-current loans	0.181	0.151
(Increase)/decrease in other current financial assets	0.263	(1.052)
(Increase)/decrease in other current assets	(0.999)	6.000
Increase/(decrease) in trade payables	(12.862)	(17.740)
Increase/(decrease) in other current financial liabilities	(6.849)	(8.048)
Increase/(decrease) in other current liabilities	66.197	(2.624)
Increase/(decrease) in provisions	0.061	0.211
Cash generated from operations	18.798	13.227
Direct taxes paid (including taxes deducted at source), net of refunds	(4.868)	(5.251)
NET CASH USED IN OPERATING ACTIVITIES	13.930	7.976
B. Cash flow from investing activities		
Sale of investments		
- in debentures & bonds	0.102	-
Interest received on investments	7.396	8.453
Dividend received on investments	-	0.003
Withdrawal of fixed deposits (net)	(6.085)	26.141
Investment in fixed deposits (net)	0.950	(13.100)
NET CASH FROM / (USED) IN INVESTING ACTIVITIES	2.363	21.497
C. Cash flow from financing activities		
NET CASH FROM / (USED) IN FINANCING ACTIVITIES	-	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)	16.293	29.473
Cash and cash equivalents at the beginning of the year (Refer Note 7)	39.460	9.987
Cash and cash equivalents at the end of the year (Refer Note 7)	55.753	39.460

Notes:

The cash flow statement has been prepared under the 'Indirect method' as set out in Ind AS 7

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For M/s P.G. Bhagwat
Chartered Accountants
Firm Regn No: 101118W

For and on behalf of the Board of Directors of
Praj Engineering and Infra Limited

Sandeep Rao
Partner
Membership No.: 47235
Place: Pune
Date: 20 May 2020

Dattatraya Nimbolkar
Director
(DIN : 01104587)

Sachin Raole
Director
(DIN : 00431438)

Praj Engineering and Infra Limited

Notes to financial statements for the year ended 31 March 2020

(All amounts are in Indian rupees million unless otherwise stated)

3 Property, plant and equipment, Other Intangible assets & Investment property

	Tangible Assets	
	Vehicles	Grand Total
Gross Block		
As at 1st April 2019	5.099	5.099
Additions during the year	-	-
Deletions during the year	-	-
As at 31 March 2020	5.099	5.099
Accumulated depreciation and amortisation		
As at 1st April 2019	1.118	1.118
Charge for the year	0.637	0.637
Depreciation on deletions	-	-
As at 31 March 2020	1.755	1.755
Net Carrying Value		
As at 31 March 2020	3.344	3.344
As at 31st March 2019	3.981	3.981

Praj Engineering and Infra Limited

Notes to the financial statements for the period ended 31 March 2020

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2020	31 March 2019
4 Investments		
(i) Investments at fair value through profit and loss (FVTPL)		
Unquoted non-trade equity investments		
Equity shares of Cosmos Co-operative Bank Limited (No. million) 0.0051 (31 March 2019 : 0.0051)	-	0.102
(ii) Investments at amortised cost:		
Investment in National saving certificate	0.013	0.013
Total Non Current	0.013	0.115
Investments at amortised cost		
Unquoted investments:		
Deposit with Bajaj Finance Limited	32.000	32.950
Total current	32.000	32.950
Total Investments	32.013	33.065
5 Loans		
Non-current		
Financial assets at amortised cost		
Security deposits		
Unsecured, considered good	0.476	0.657
	0.476	0.657
6 Other financial assets		
Financial assets at amortised cost		
(i) Deposits with banks: Non-current	50.607	31.494
(ii) Other receivables: Current	5.042	4.004
	55.649	35.498
Non-current	50.607	31.494
Current	5.042	4.004

Praj Engineering and Infra Limited

Notes to the financial statements for the period ended 31 March 2020

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2020	31 March 2019
7 Trade receivables		
- From related parties	-	-
- From others		
Unsecured, considered good	114.715	81.044
Unsecured, considered doubtful	54.257	53.512
	168.972	134.556
Less: Provision for doubtful debts	54.257	53.512
	114.715	81.044

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non interest bearing and generally on credit terms of 60 to 90 days.

	31 March 2020	31 March 2019
8 Cash and cash equivalents		
Balances with banks		
On current accounts	7.886	18.209
Deposits with original maturity of less than 3 months	47.483	20.853
Cash on hand	0.384	0.398
	55.753	39.460
9 Other bank balances		
Deposits with maturity for more than 12 months	50.607	31.494
Deposits with maturity for more than 3 months but less than 12 months	19.472	32.500
	70.079	63.994
Less: amounts disclosed under other non-current assets (Refer note 6)	(50.607)	(31.494)
	19.472	32.500
10 Other current assets		
Advance to suppliers		
Unsecured, considered good	19.592	16.189
Unsecured, considered doubtful	0.307	0.307
	19.899	16.496
Less: Provision for doubtful debts	0.307	0.307
	19.592	16.189
Advance to subsidiaries		
Contracts in progress (Refer note 24)	25.234	12.691
Prepaid expenses	0.005	0.120
Balances with central excise, customs and sales tax authorities	1.057	3.346
	45.888	32.346

Praj Engineering and Infra Limited

Statement of changes in equity for the period ended 31 March 2020

(All amounts are in Indian rupees million unless otherwise stated)

A. Equity share capital

Balance as at 1 April 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
3.098	-	3.098

B. Other equity

Particulars	Reserves and surplus		Total
	General reserve	Retained earnings	
Balance as at 31 March 2018	0.230	55.684	55.914
Profit / (loss) for the year	-	12.253	12.253
Other comprehensive income for the year	-	(0.053)	(0.053)
Balance as at 31 March 2019	0.230	67.884	68.114
Profit / (loss) for the year	-	15.405	15.405
Other comprehensive income for the year	-	0.017	0.017
Balance as at 31 March 2020	0.230	83.306	83.536

Praj Engineering and Infra Limited

Notes to the financial statements for the period ended 31 March 2020

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2020	31 March 2019
11 Share capital		
Equity share capital		
Authorised shares (No. million)		
1.000 (31 March 2019 1.000) equity shares of INR 10 each	10.000	10.000
Issued, subscribed and fully paid-up shares (No. million)		
0.3098 (31 March 2019 : 0.3098) equity shares of INR 10 each	3.098	3.098
	3.098	3.098
a Terms/ Rights attached to equity shares:		
b. Shares held by holding/ultimate holding company and/or their subsidiaries/associates:		
Praj Industries Limited is the ultimate holding company.		
c. Details of shareholders holding more than 5% shares in the company:		
Equity shares of INR 10 each fully paid	% of holding	% of holding
Praj Industries Limited.	99.65%	99.65%
	31 Mar 2020	31 Mar 2019
12 Other Equity		
General reserve		
Balance as per last financial statements	0.230	0.230
Add : amounts transferred from surplus balance in statement of profit and loss		
Balance at the end of year	0.230	0.230
Surplus in the statement of profit and loss		
Balance as per last financial statements	67.884	55.684
Profit / (loss) as per statement of profit and loss	15.422	12.200
Net Surplus in Statement of Profit & Loss	83.306	67.884
	83.536	68.114

Praj Engineering and Infra Limited

Notes to the financial statements for the period ended 31 March 2020

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2020	31 March 2019
13 Provisions		
Provision for employee benefits		
Provision for leave encashment	0.640	0.538
Performance Incentive	-	0.059
Non-current	0.575	0.541
Current	0.065	0.056
Provision for gratuity: Non-current	-	-
	0.640	0.597
Non-current	0.575	0.541
Current	0.065	0.056
14 Trade payables		
To related parties		
To others		
Total outstanding dues of micro enterprises and small enterprises(Refer Note 28)		
Total outstanding dues of creditors other than micro enterprises and small enterprises	97.196	110.058
	97.196	110.058
15 Other current financial liabilities		
Bonus and ex-gratia payable	0.285	0.269
Dues to holding company	-	-
Other payables	4.321	11.186
	4.606	11.455
16 Other current liabilities		
Advances received from customers	135.747	68.630
Statutory dues payable	3.248	2.827
Dues to customers relating to contracts in progress (Refer Note 23)	30.151	31.492
	169.146	102.949

Praj Engineering and Infra Limited

Notes to the financial statements for the period ended 31 March 2020

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2020	31 March 2019
17 Revenue from operations		
Rendering of services	232.843	290.142
Add: Closing contracts in progress	(4.917)	(18.801)
Less: Opening contracts in progress	(18.801)	(17.419)
	246.727	288.760
18 Other income		
Dividend from non-current Investment	-	0.003
- on fixed deposits	8.697	7.778
Excess provision / creditors written back and written off (net)	-	0.018
Other non-operating income	0.149	-
	8.846	7.799
19 Operating, selling and other costs		
Site expenses and labour charges	174.718	242.363
Freight and transport	0.371	1.108
Bad debts written off / Provision for doubtful debts and advances	14.150	11.439
Travel and conveyance	3.226	5.112
Professional consultancy charges	0.899	0.542
Insurance	0.823	1.733
Rent (Refer note 27)	0.060	0.060
Communication expenses	0.020	0.143
Testing charges	0.569	0.523
Auditors' remuneration		
for audit services	0.180	0.180
for taxation services	0.050	0.050
Miscellaneous expenses	5.702	4.421
	200.768	267.674
20 Employee Benefit Expenses		
Salaries, wages and bonus	9.215	8.786
Contributions to provident and other funds (Refer note 28)	0.398	0.353
Gratuity expense (Refer note 28)	0.140	0.090
Staff welfare	-	0.002
	9.753	9.231
21 Finance costs		
Interest cost on defined benefit obligations (Refer note 28)	(0.009)	(0.019)
	(0.009)	(0.019)

Praj Engineering and Infra Limited

Notes to financial statements for the year ended 31 March 2020

(All amounts are in Indian rupees million unless otherwise stated)

Note 22: Income Tax

Statement of profit and loss:

Particulars	31 March 2020	31 March 2019
Current income tax:		
Current income tax charge	4.774	4.002
Tax relating to earlier periods	1.434	(0.425)
Deferred tax:		
Relating to origination and reversal of temporary differences	5.467	2.729
Income tax expense reported in the statement of profit and loss	11.675	6.306

Statement of other comprehensive income:

Particulars	31 March 2020	31 March 2019
Deferred tax:		
Remeasurements gains and losses on post employment benefits	-	-
Income tax expense reported in the statement of other comprehensive income	-	-

Reconciliation of effective tax rate

Particulars	31 March 2020	31 March 2019
Accounting profit before tax	27.080	18.559
Tax using the Company's domestic tax rate (31 March 2020 : 25.1680%, 31 March 2019 : 27.82%)	6.815	5.163
Adjustments in respect of current income tax of previous years	1.434	(0.425)
Less: Tax effect of:		
1. Tax rate difference on book profit as per Minimum Alternate Tax	(2.228)	(1.406)
Add: Tax effect of		
1. Effect on deduction claimed in MAT for Doubtful debt provision written back	0.187	0.245
2. Deferred tax effects on earlier year	-	-
3. Deferred Tax expenses accounted as no effect of Timing differences on MAT liability	5.467	2.729
Total	11.675	6.306
Income tax expense reported in the statement of profit and loss	11.675	6.306

Deferred tax

Deferred tax relates to the following: Deferred tax asset / (liability)	Balance sheet		Statement of profit and loss & other comprehensive income	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Deferred tax asset				
Provision for doubtful debts & advances	13.655	14.973	1.318	(1.209)
Gratuity	-	-	-	-
Business losses	-	1.066	1.066	3.548
Leave encashment/exgratia	0.310	0.224	(0.086)	(0.074)
Others (40 (a))	0.152	1.838	1.686	(1.210)
Provision for anticipated lossess	0.933	2.445	1.512	1.666
Total	15.050	20.546	5.496	2.721
Deferred tax liability				
Property, plant & equipment and intangible assets	(0.053)	(0.082)	(0.029)	0.008
Total	(0.053)	(0.082)	(0.029)	0.008
Net deferred tax asset / (liability)	14.997	20.464		
Deferred tax expense/(income)			5.467	2.729
- Recognised in statement of profit and loss			5.467	2.729
- Recognised in statement of other comprehensive income			-	-

Praj Engineering and Infra Limited

Notes to financial statements for the year ended 31 March 2020

(All amounts are in Indian rupees million unless otherwise stated)

Note 23: Earnings per share

Particulars	31 March 2020	31 March 2019
Reconciliation of basic and diluted shares used in computing earnings per share		
Weighted average number of basic equity shares	3,09,820	3,09,820
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	15.405	12.253
Basic earnings per equity share of Rs. 10 each	49.72	39.55
Diluted earnings per equity share of Rs. 10 each	49.72	39.55

Note 24: Disclosures pursuant to Ind AS 115 – Revenue from Construction contracts

Particulars	31 March 2020	31 March 2019
Contract revenue recognised during the year	246.727	288.760
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	456.905	457.272
Customer advances outstanding for contracts in progress	87.405	38.994
Retention money due from customers for contracts in progress	18.465	14.249
Gross amount due from customers for contract work (presented as contracts in progress)	25.234	12.691
Gross amount due to customers for contract work (presented as dues to customers relating to contracts in progress)	(30.151)	(31.492)

Note 25: Segment reporting

The business activities of the Company from which it earns revenues and incurs expenses; whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available involve predominantly one operating segment i.e. Process and Project Engineering.

Note 26: Related party transactions

a) Parties where control exists

Holding Company

Praj Industries Limited

b) Key management personnel

Directors

Atul Mulay
Dattatraya Nimbolkar
Sachin Raole
Shishir Joshipura
Dr. Pramod Chaudhari
Shishir Joshipura
Sachin Raole
Berjis Desai
Parimal Chaudhari
Sivaramakrishnan S. Iyer
Mrunalini Joshi
Dr. Shridhar Shukla
Sahas Baxi

Director of Holding company

c) Transactions and balances with related parties have been set out below:

Particulars	31 March 2020	31 March 2019
Praj Industries Limited		
Advances received & paid during the year	4.925	0.073
Expenses incurred and reimbursed by us	0.331	0.400
Expenses incurred and reimbursed by Holding company	1.016	0.990
Rent paid	0.060	0.060
Receivable	0.687	0.181
Payable	0.173	1.013

Note 27: Leases

Effective 1 April 2019, the Company has adopted Ind AS 116 "Leases". The lease arrangements are classified under the category of short-term / low value leases.

Nature of Leasing activity:

The Company has entered into lease arrangements for office premises.

The disclosures relating to leases are as summarised below:

Particulars	31 March 2020	31 March 2019
Expenses relating to short-term / low value leases	0.060	0.060

Note 28: Employee benefits

a) Defined contribution plans

The Company has recognised Rs. 0.398 (31 March 2019: Rs. 0.353) towards post-employment defined contribution plans comprising of provident and superannuation fund in the statement of profit and loss.

b) Defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Company is required to provide post-employment benefit to its employees in the form of gratuity. The Company has maintained a fund with the Life Insurance Corporation of India to meet its gratuity obligations. In accordance with the Standard, the disclosures relating to the Company's gratuity plan are provided below:

The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	31 March 2020	31 March 2019
Present value of obligation as at the beginning of the period	0.460	0.288
Interest cost	0.034	0.022
Current service cost	0.140	0.090
Benefits paid	0.000	0.000
Remeasurements on obligation - (gain) / loss	(0.001)	0.060
Present value of obligation as at the end of the period	0.633	0.460

The changes in the fair value of planned assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	31 March 2020	31 March 2019
Fair value of plan assets at the beginning of the period	0.579	0.535
Interest income	0.043	0.042
Adjustment entry	0.000	(0.004)
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	0.016	0.006
Fair value of plan assets as at the end of the period	0.638	0.579

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2020	31 March 2019
Present value of obligation as at the end of the period	0.633	0.460
Fair value of plan assets as at the end of the period	0.638	0.579
Surplus / (deficit)	0.005	0.119

Amounts recognised in the statement of profit and loss are as follows:

Particulars	31 March 2020	31 March 2019
Current service cost	0.140	0.090
Net interest (income) / expense	(0.009)	(0.019)
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	0.131	0.071

Amounts recognised in the statement of other comprehensive income (OCI) are as follows:

Particulars	31 March 2020	31 March 2019
Opening amount recognised in OCI outside statement of profit and loss	(0.180)	(0.234)
Remeasurement for the year - obligation (gain) / loss	(0.001)	0.060
Remeasurement for the year - plan assets (gain) / loss	(0.016)	(0.006)
Total remeasurements cost / (credit) for the year	(0.017)	0.054
Less: Amount transferred to retained earnings	(0.017)	0.054
Closing amount recognised in OCI outside statement of profit and loss	(0.197)	(0.180)

Net interest (income) / expense recognised in statement of profit and loss are as follows:

Particulars	31 March 2020	31 March 2019
Interest (income) / expense - obligation	0.034	0.022
Interest (income) / expense - plan assets	(0.043)	(0.042)
Net interest (income) / expense for the year	(0.009)	(0.019)

The broad categories of plan assets as a percentage of total plan assets are as follows:

Net interest (income) / expense recognised in statement of profit and loss are as follows:	31 March 2020	31 March 2019
Funds managed by insurer	100%	100%
Total	100%	100%

Principal actuarial assumptions used in determining gratuity benefit obligations for the Company's plans are as follows:

Particulars	31 March 2020	31 March 2019
Discount rate	7.00%	7.50%
Rate of increase in compensation levels	8.00%	8.00%
Expected rate of return on plan assets	7.50%	7.80%
Expected average remaining working lives of employees (in years)	10.35	10.74
Withdrawal rate		
Age upto 30 years	7.00%	7.00%
Age 31 - 40 years	7.00%	7.00%
Age 41 - 50 years	7.00%	7.00%
Age above 50 years	7.00%	7.00%

A quantitative sensitivity analysis for significant assumption is shown as follows:

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the present value of obligation. Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%)

a) Impact of change in discount rate when base assumption is decreased / increased by 100 basis point

Discount rate	Present value of obligation	
	31 March 2020	31 March 2019
6.00% (6.50%)	0.699	0.508
8.00% (8.50%)	0.577	0.418

b) Impact of change in salary increase rate when base assumption is decreased / increased by 100 basis point

Salary increment rate	Present value of obligation	
	31 March 2020	31 March 2019
7.00% (7.00%)	0.582	0.422
9.00% (9.00%)	0.691	0.502

c) Impact of change in withdrawal rate when base assumption is decreased / increased by 100 basis point

Withdrawal rate	Present value of obligation	
	31 March 2020	31 March 2019
6.00% (6.00%)	0.638	0.461
8.00% (8.00%)	0.630	0.458

Note 29: Note on MSMED

As per the information available with the company till date none of the suppliers have informed the company about their being registered under the MSMED Act, 2006. As such the information regarding the same has not been complied and disclosed

Note 30: Taxes

The company has not recognised MAT credit entitlement to the extent of INR 8.777 till 31 March, 2020 in respect of Income Tax paid in view of uncertainty of its utilisation for payment of tax in foreseeable future.

Praj Engineering and Infra Limited

Notes to financial statements for the year ended 31 March 2020

(All amounts are in Indian rupees million unless otherwise stated)

Note 31: Fair value measurements

As per assessments made by the management, fair values of all financial instruments carried at amortised cost (except as specified below) are not materially different from their carrying amounts since they are either short term in nature or the interest rates applicable are equal to the current market rate of interest.

Sr.No	Particulars	Carrying value	
		31 March 2020	31 March 2019
	Levelled at level 2		
	Financial asset		
a)	Carried at amortised cost		
	Investment in National saving certificate	0.013	0.013
	Security deposits	0.476	0.657
	Trade receivable	114.715	81.044
	Deposits with banks	50.607	31.494
	Other receivables	5.042	4.004
	Cash and cash equivalents	75.225	71.960
	Levelled at level 2		
a)	Equity shares of Cosmos Co-operative Bank Limited	-	0.102
	Financial liabilities		
b)	Carried at amortised cost		
	Trade payables	97.196	110.058
	Other payables	4.606	11.455

Praj Engineering and Infra Limited

Notes to financial statements for the year ended 31 March 2020

(All amounts are in Indian rupees million unless otherwise stated)

Note 32: Financial risk management policy and objectives

Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance company's operations. Company's principal financial assets include trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations.

In order to minimise any adverse effects on the financial performance of the company, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis, external credit rating (wherever available)	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk- Foreign Currency Risk	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity Analysis	Management follows established risk management policies, including use of derivatives like foreign exchange forward contracts, where the economic conditions match the company's policy.

The company's risk management is carried out by management, under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

(A) Credit risk

Credit risk in case of the Company arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Credit risk management

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 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.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (iii) Financial or economic conditions that are expected to cause a significant change to counterparty's ability to meet its obligations,
- (iv) Significant increases in credit risk on other financial instruments of the same counterparty,
- (v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

The company provides for expected credit loss in case of trade receivables, claims receivable and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. The company categorises a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments greater than 180 days past due. The amount of provision depends on certain parameters set by the Company in its provisioning policy. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Provision for expected credit loss

Financial assets for which loss allowance is measured using 180 days Expected Credit Losses (ECL)

Exposure to risk	31 March 2020	31 March 2019
Trade receivables	168.972	134.556
Less : expected loss	54.257	53.512
	114.715	81.044

	31 March 2020	31 March 2019
Trade receivables		
Neither past due nor impaired	19.037	7.684

Less than 180 days	89.970	60.121
181 - 365 days	4.397	4.992
More than 365 days	1.311	8.247
Total	114.715	81.044

Reconciliation of loss provision

	Trade receivables	Trade receivables
Loss allowance as at 1 April 2019	53.512	52.631
Changes in loss allowance	0.745	0.882
Loss allowance as at 31 March 2020	54.257	53.512

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with practice and limits set by the group. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Exposure to risk	31 March 2020	31 March 2019
Other liabilities		
On demand		
Less than 180 days	4,606	11,455
181 - 365 days	-	-
More than 365 days	-	-
Total	4,606	11,455
Trade payables		
On demand		
Less than 180 days	97,196	110,058
181 - 365 days	-	-
More than 365 days	-	-
Total	97,196	110,058

(C) Foreign currency risk

The company is not exposed to any foreign exchange risk and doesn't have any sales to overseas customers and purchases from overseas suppliers in various foreign currencies.

Note 33: Capital management

Risk management

The company's objectives when managing capital are to

- safeguard it's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by total 'equity' (as shown in the balance sheet, including non-controlling interests).

	31 March 2020	31 March 2019
Loans and borrowings	-	-
Less: cash and cash equivalents	55.753	39.460
Net debt	-	-
Equity	86.634	71.212
Capital and net debt	86.634	71.212
Gearing ratio	0%	0%

For and on behalf of the Board of Directors of Praj Engineering and Infra Limited

Dattatraya Nimbolkar
Director
(DIN : 01104587)

Sachin Raole
Director
(DIN : 00431438)

Place: Pune
Date: 20 May 2020