

# Sunil Kumar Gupta & Co.

CHARTERED ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Members of SPML UTILITIES LIMITED,

### Report on Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **SPML UTILITIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2020, the Statement of Profit and Loss, Cash Flow Statement and statement of Changes in Equity for the year ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter 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 including the Ind AS, of the state of affairs of the Company as at 31<sup>st</sup> March 2020, and its profit, cash flows and change in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing 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 audit opinion on the Ind AS financial statements.

### Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matter stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). 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 implementation and maintenance of 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 standalone 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 the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

As Part of an audit in accordance with SA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS 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 Act, 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 Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

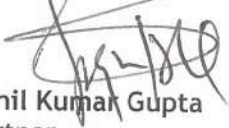
### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by section 143(3) of the Act, we report that:
  - we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - a. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - b. The Company does not have any branch office so Section 143(8) of the Act is not applicable to the company.
  - c. the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement 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 standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. on the basis of written representations received from the directors as on 31<sup>st</sup> March 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> 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 for which there were any material foreseeable losses.
- iii. There are no items which required to be transferred, to the Investor Education and Protection Fund by the Company.

For Sunil Kumar Gupta & Co.  
Chartered Accountants  
Firm Registration No: 003645N



Sunil Kumar Gupta  
Partner  
Membership No.: 082486



Place: New Delhi  
Date: 20.07.2020

ICAI UDIN:- 20082486AAAAP7325

Annexure - A

Annexure to the Independent Auditor's report of even date to the Members of SPML Utilities Limited, on the Ind AS Financial Statements for the year ended 31<sup>st</sup> March 2020.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company does not have any fixed assets during the year; accordingly clause 3(i) of the said order is not applicable.
- (ii) There are no inventories available with the company hence the provision of clause 3(ii) of the said order is not applicable to the company.
- (iii) According to the information and explanations given to us the Company has granted unsecured loans amounting to Rs 2,376,035 to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act") (Aurangabad is now loan or advance)
  - a. The terms and conditions of the grant of such loans, are not prejudicial to the company's interest
  - b. The loans granted are repayable on demand, therefore no default observed on part of borrower in repayment
  - c. Reasonable steps have been taken by company for recovery of the advance from Aurangabad City Water Utility Co Ltd.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respects of granting loans and making investments. The company has complied the provision of section 185 and 186 of the Companies Act, 2013 in respect of guarantee given to banks for other companies.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) According to the records of the company, Provident Fund, Employees' State Insurance, Sales-Tax, Service Tax, Custom Duty, Excise-Duty, Value added tax, Cess and other material statutory dues to the extent applicable to it have been generally regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Wealth-Tax, Service Tax, Custom Duty, Excise-Duty, Value added tax, Cess and other material statutory dues to the extent applicable were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. However, according to information and explanations given to us,





undisputed amounts payable in respect of Income tax & tax deducted at source were in arrears, as at March 31, 2020 for a period of more than six months from the date on which that became payable.

Name of the statute	Nature of Dues	Amount (In Rs.)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act 1961	Tax Deducted at Source	Rs 22,680.00	AY 2014-15	30/04/2014	Not Yet Paid
Income Tax Act 1961	Tax Deducted at Source	Rs 74,910.00	AY 2013-14	30/04/2013	Not Yet Paid
Income Tax Act 1961	Tax Deducted at Source	Rs 3890.00	AY 2012-13	30/04/2012	Not Yet Paid
Income Tax Act 1961	Tax Deducted at Source	Rs 1,78,350.0	Prior Years	Prior Years	Not Yet Paid

(b) According to the information and explanations given to us, there are no dues in respects of sales tax, wealth tax, service tax, duty of customs, duty of excise and value added tax wherever applicable to the company which have not been deposited with the appropriate authorities on account of any dispute. The due in respect of Income tax have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending is given below:

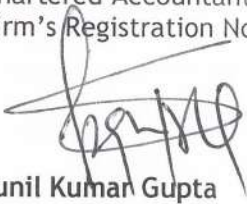
Name of Dues and Name of Statute	Year to which amount relates	Forum where matter is pending	Amount in Rs.
Income Tax Income Tax Act, 1961	FY 2008-09	Assessing officer	Rs. 2866

- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government, or debenture holders during the year. Accordingly, Paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the order is not applicable.
- (x) According to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) Managerial remuneration has not been paid/ provided by the company during the year therefore, section 197 of the Act read with Schedule V to the Act is not applicable to the company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.



- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Sunil Kumar Gupta & Co.  
Chartered Accountants  
Firm's Registration No.: 003645N



Sunil Kumar Gupta  
Partner  
Membership No: 082486



Place: New Delhi  
Date: 20.07.2020

ICAI UDIN :- 20082486AAAAAP7325



## Annexure - B

### 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 **SPML Utilities Limited** ("the Company") as of 31<sup>st</sup> 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.

#### 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 with reference to financial statement 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.

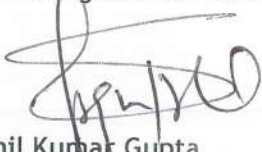
## Inherent Limitations of Internal Financial Controls over Financial Reporting

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 with reference to financial statement 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 Sunil Kumar Gupta & Co.**  
Chartered Accountants  
Firm's Registration No.: 003645N



**Sunil Kumar Gupta**  
Partner  
Membership No: 082486



Place: New Delhi  
Date: 20.07.2020

ICAI UDIN :- 20082486AAAAAP7325

SPML UTILITIES LIMITED  
BALANCE SHEET AS AT MARCH 31, 2020  
CIN No: U90000KA2008PLC046115

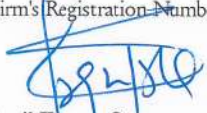
(Amount in Rs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Financial assets			
(i) Investments	3	83,603,648	79,725,786
(b) Deferred Tax Assets	25	57,518,150	57,694,094
		<b>141,121,798</b>	<b>137,419,880</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Other Current Financial Assets	4	-	-
(ii) Cash and cash equivalents	5	45,155	154,101
(iii) Loans	6	2,376,035	2,376,035
(b) Other current assets	7	1,140,750	1,232,287
		<b>3,561,940</b>	<b>3,762,423</b>
<b>TOTAL ASSETS</b>		<b>144,683,737</b>	<b>141,182,302</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share capital	8	200,000,000	200,000,000
(b) Other Equity	9	(129,084,316)	(128,719,004)
<b>Total Equity</b>		<b>70,915,684</b>	<b>71,280,996</b>
<b>LIABILITIES</b>			
<b>Non- Current liabilities</b>			
(a) Financial liabilities			
(i) Other financial liabilities	10	8,640,622	4,820,837
(ii) Long term borrowings	10.1	55,616,067	55,585,755
		<b>64,256,689</b>	<b>60,406,592</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Short term borrowings		-	-
(b) Other current liabilities	11	9,467,606	9,450,956
(c) Current Tax Liabilities	11.1	43,758	43,758
		<b>9,511,364</b>	<b>9,494,714</b>
<b>Total liabilities</b>		<b>73,768,053</b>	<b>69,901,306</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>144,683,737</b>	<b>141,182,302</b>

See accompanying notes to the Financial Statements

As per our report of even date

For Sunil Kumar Gupta & Co.  
Chartered Accountants  
Firm's Registration Number : 003645N

  
Sunil Kumar Gupta  
Partner  
Membership No. 082486



Place: New Delhi  
Date: 20-07-2020

For and on behalf of Board of Directors of  
SPML Utilities Limited

  
Manoj Kumar Gangwal  
Director  
DIN: 06659068

  
Aanchal Sethi  
Managing Director  
DIN: 03588023

  
Laxmi Narayan Mandhana  
Company Secretary



SPML UTILITIES LIMITED

Statement of Profit and Loss for the year ended March 31, 2020

CIN No: U90000KA2008PLC046115

(Amount in Rs)

Particulars	Notes	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Income</b>			
Revenue from Operations		-	-
Other Income	12	699,021	817,569
<b>Total Income (I)</b>		<b>699,021</b>	<b>817,569</b>
<b>Expenses</b>			
Employee benefits expense	13	-	-
Finance costs	14	108,946	902,552
Depreciation		-	-
Other Expenses	15	138,499	95,400
<b>Total Expenses (II)</b>		<b>247,445</b>	<b>997,952</b>
<b>Profit / (Loss) for the year ( I-II )</b>		<b>451,576</b>	<b>(180,383)</b>
<b>Deferred Tax Expenses</b>		<b>175,944</b>	<b>282,944</b>
<b>MAT Expenses</b>		<b>-</b>	<b>-</b>
<b>Total Tax Expense</b>		<b>175,944</b>	<b>282,944</b>
<b>Profit / (Loss) for the year</b>		<b>275,632</b>	<b>(463,328)</b>
<b>Other Comprehensive Income (OCI)</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Fair valuation of Investments at FVOCI		(640,944)	-
Deferred tax impact on the above		-	-
<b>Other Comprehensive Income / (Loss) for the year</b>		<b>(640,944)</b>	<b>-</b>
<b>Total Comprehensive Income / (Loss) for the year</b>		<b>(365,312)</b>	<b>(463,328)</b>
Earnings per share - Basic and Diluted (Nominal value Rs.1 per share)	23	0.0014	(0.0023)

See accompanying notes to the Financial Statements

As per our report of even date

For Sunil Kumar Gupta & Co.  
Chartered Accountants  
Firm's Registration Number : 003645N

Sunil Kumar Gupta  
Partner  
Membership No. 082486



Place: New Delhi  
Date: 20-07-2020

For and on behalf of Board of Directors of  
SPML Utilities Limited

Manoj Kumar Gangwal  
Director  
DIN: 06659068

Aanchal Sethi  
Managing Director  
DIN: 03588023

Laxmi Narayan Mandhana  
Company Secretary

SPML UTILITIES LIMITED

Statement of Changes in Equity for the quarter ended March 31, 2020 and March 31, 2019

CIN No: U90000KA2008PLC046115

A) Equity Share Capital (also refer note 8)	Subscribed and fully paid-up		Total Equity share capital
	No. of Shares	Amount	Amount
As at March 31, 2019	200,000,000	200,000,000	200,000,000
As at March 31, 2020	200,000,000	200,000,000	200,000,000

B) Other Equity  
(also refer note 9)

(Amount in Rs)

	Reserves and Surplus
	Retained earnings (including Other Comprehensive Income)
Balance as at March 31, 2018	(128,255,676)
Profit for the year	(463,328)
Other comprehensive (loss) for the year	-
Total comprehensive income for the year	(463,328)
Balance as at March 31, 2019	(128,719,004)
Profit for the year	275,632
Other comprehensive (loss) for the year	(640,944)
Total comprehensive income for the year	(365,312)
Balance as at March 31, 2020	(129,084,316)

See accompanying notes to the Financial Statements

As per our report of even date

For Sunil Kumar Gupta & Co.  
Chartered Accountants  
Firm's Registration Number : 003645N

  
Sunil Kumar Gupta  
Partner  
Membership No. 082486

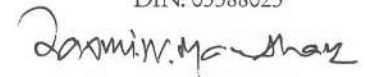


Place: New Delhi  
Date: 20-07-2020

For and on behalf of Board of Directors of  
SPML Utilities Limited

  
Manoj Kumar Gangwal  
Director  
DIN: 06659068

  
Aanchal Sethi  
Director  
DIN: 03588023

  
Laxmi Narayan Mandhana  
Company Secretary



**1 Company background**

SPML Utilities Limited ('SUL' or 'the Company') was incorporated on 17th April 2008. SPML Utilities Limited is a Subsidiary of SPML Infra Ltd ('SPML') and having its registered office at 8/2, Ulsoor Road, Bangalore - 560042, Karnataka. SPML Utilities Ltd is a part of large group viz. SPML Infra Ltd, based in India.

**2 Significant accounting policies**

**2.01 Basis of preparation and presentation**

**(a) Statement of compliance**

(i) These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**(b) Basis of measurement**

These Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention, except for certain investments measured at fair value, Freehold Land measured at Fair value and defined benefit plans which have been measured at actuarial valuation as required by relevant Ind AS (refer accounting policies for financial instruments, Property, plant and Equipment and employee benefits).

**Functional and presentation currency**

These Ind AS Financial Statements are prepared in Indian Rupee which is the Company's functional and presentation currency and the figures shown in balance sheet are in Rupees.

**(c) Use of estimates and judgement**

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

**(d) Current versus non-current classification**

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised 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 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.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.



## 2.02 Property, plant and equipment.

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at their carrying value being the cost of acquisition or construction less accumulated depreciation.

The cost of property, plant and equipment includes freight, duties, taxes and other incidental expenses relating to the acquisition and installation of the respective assets. 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 are met. Borrowing costs directly attributable to acquisition or construction of those assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

Advance paid towards the acquisition of assets outstanding at each balance sheet are shown under capital advances. The cost of property, plant and equipment not ready for their intended use before such date, are disclosed as capital work in progress.

The Company has used the following useful economic lives to provide depreciation on its property, plant & equipment.

	Useful economic life (years)
Buildings (including temporary structure)	3-60
Furniture & Fixtures	10
Plant & Equipment	9-20
Computers	3-6
Vehicles	8-10
Office Equipment	5

reviewed at each financial year end and adjusted prospectively, if appropriate.

## 2.03 Impairment of property plant and equipment and intangible assets

The carrying amount of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external or internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price of assets and their 'value in use'. The estimated future cash flows are discounted to their present value using pre-tax discount rates and risks specific to the asset.

## 2.04 Revenue recognition

### Construction Contracts:

Revenue from contracts is recognized on "percentage completion method" based on the stage of completion of the contract. The stage of completion is determined as a proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total costs. When it is probable that the total contract cost will exceed the total contract revenue, the future loss is recognized immediately. The future loss is adjusted with unbilled revenue. For this purpose, total contract costs are ascertained on the basis of actual costs incurred and costs to be incurred for completion of contracts in progress, which is arrived at by the management based on current technical data, forecasts and estimate of expenditure to be incurred in future including contingencies. Revisions in projected profit or loss arising from change in the estimates are reflected in each accounting period.

Overhead expenses representing indirect costs that cannot be directly aligned with the jobs are allocated over the various contracts on a systematic basis. Disputed claims towards extra work, damages etc. are accounted for on settlement of the arbitration proceedings / legal cases.

The Company collects Value Added Tax (VAT), Sales tax and Service tax on behalf of the government and therefore, these are not economic benefits flowing to the Company and have been excluded from revenue.

Arbitration awards which are granted in favor of the Company by independent arbitrators are accounted for when the management is reasonable certain of its ultimate recovery. The interest granted on such awards is recognized as per terms of the award.

### Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery to the customers. The Company collects Goods and Service tax (GST) on behalf of the Government and therefore, these are not economic benefits flowing to the Company and have been excluded from Revenue

### Income from Services

Revenue from Operation and Maintenance contracts are recognized as per terms of the contract as and when services are rendered.

### Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of a financial asset or a financial liability to their gross carrying amount.

Interest and Dividend income are included under the head "other income" in the Statement of Profit and Loss.





#### Others

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, net of taxes or duties collected on behalf of the government.

However, sales tax/ value added tax (VAT)/Goods and Service tax (GST) is not received by the company on its own account. Rather, it is tax collected on value added to the commodity/services by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

#### 2.05 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2016, the group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

##### a) As a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### 2.06 Inventories

Materials, components and stores & spares to be used in contracts are valued at lower of cost, or net realizable value. Cost is determined on weighted average basis.

Stock of trading goods is valued at lower of cost, or net realizable value. Cost is determined on First in First out (FIFO) basis.

Net Realizable Value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated cost necessary to make the sale.

Unbilled Revenue (WIP) is valued at net realizable value. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### 2.07 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

###### a) Classification

The company classifies its financial assets in the following measurement categories:

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

###### b) Initial recognition and measurement

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



**c) Subsequent measurement**

**Financial assets carried at amortised cost:** A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold asset in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is accounted in profit or loss using the effective interest rate method. Impairment losses, forex gain / loss and gain / loss on derecognition of financial asset in this category is recognised in profit or loss.

**Financial assets at fair value through other comprehensive income (FVTOCI):** A financial asset is measured at FVTOCI, if it is held withing a business model whose objective is achieved by both from collection of contractual cash flows and selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. Further equity instruments where the company has made an irrevocable election based on its business model, to classify as instruments measured at FVTOCI, are measured subsequently at fair value through other comprehensive income.

Debt instruments - Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised. Interest income from these financial assets is included in other income using the effective interest rate method.

Equity instruments - Movements in the carrying amount are taken to OCI and there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividend from such investments are recognised in profit or loss.

**Financial assets at fair value through profit or loss (FVTPL):** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss. All gains and losses are recognised in profit or loss.

**d) Impairment of financial assets**

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables, the company applies the simplified approach specified by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**e) Derecognition of financial assets**

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

**B Financial liabilities**

**a) Classification**

The company classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those measured at amortised cost.

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

**b) Initial recognition and measurement**

The company recognises financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities, that are not at fair value through profit or loss, are reduced from the fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities at fair value through profit or loss are expensed in profit or loss.

**c) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Amortised cost:** After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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





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

Gains or losses on liabilities held for trading are recognised in the profit or loss.

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

#### **Derecognition of financial Liabilities**

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 or loss.

#### **C Financial guarantee contracts**

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee or the estimated amount that would be payable to a third party for assuming the obligations.

##### **(i) as Guarantor**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 109 and the amount initially recognised less cumulative amortisation, where appropriate.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

##### **(ii) as Beneficiary**

Financial guarantee contracts are recognised as a financial asset at the time the guarantee is taken. The asset is initially measured at fair value and subsequently amortised over the guarantee period.

Where guarantees in relation to loans or other payables are provided by group companies for no compensation, the fair values are accounted for as contributions and recognised as part of equity.

#### **D Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

#### **2.08 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

#### **2.09 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. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.



## 2.10 Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum alternate tax ('MAT') paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as 'MAT Credit Entitlement'. The company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period. Deferred tax asset is defined in Ind AS 12 to include the carry forward of unused tax credits. MAT Credits are in the form of unused tax credits that are carried forward by the company for a specified period of time. Accordingly, MAT Credit Entitlement is grouped with Deferred Tax Asset (net) in the Balance Sheet.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

## 2.11 Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) 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 of the amount of the obligation.

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 risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.





**SPML Utilities Limited**

Notes to financial statements as at 31st March 2020

CIN: U90000KA2008PLC046115

**Contingent liabilities recognised in a business combination**

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

**2.12 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated.

**2.13 Cash dividend and non-cash distribution to equity holders of the parent**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

**2.14 Earnings per share**

The basic earnings per share is computed by dividing the net profit/ (loss) attributable to owner's of the company for the year by the weighted average number of equity shares outstanding during reporting period.

The number of shares used in computing diluted earnings/ (loss) per share comprises the weighted average shares considered for deriving basic earnings/ (loss) per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and which either reduces earnings per share or increase loss per share are included.

**2.15 Segment reporting**

Based on the "management approach" as defined in Ind AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the company performance and allocates resources based on an analysis of various performance indicators by business segments.



SPML UTILITIES LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE HALF YEAR ENDED March 31, 2020

CIN No: U90000KA2008PLC046115

NOTE 3: INVESTMENTS

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Investment in Unquoted Equity instruments at FVOCI</b>		
Bharat Hydro Power Corporation Ltd	79,084,842	79,725,786
Mudurai Muncipal Water Processing Co Ltd	4,518,806	-
Hydro- Comp Enterprises India Pvt Ltd	2,296,265	2,296,265
Less: Provision for Diminution in Investment	-2,296,265	-2,296,265
<b>Aggregate value of unquoted investments at cost</b>	<b>83,603,648</b>	<b>79,725,786</b>

NOTE 4 : OTHER CURRENT FINANCIAL ASSETS

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Receivable Against Sale of Share</b>		
Subhash Systems Pvt Ltd.	-	-
Zoom Industrial Services Ltd	-	-
	-	-

NOTE 5 : CASH AND BANK BALANCES

	Current	
	As at March 31, 2020	As at March 31, 2019
<b>Cash and cash equivalents</b>		
Balances with banks :		
On current accounts	-	108,946
Cash on hand	45,155	45,155
<b>Total</b>	<b>45,155</b>	<b>154,101</b>

Note 5.1. Cash at Banks earns interest at floating rates based on daily bank deposit rates.

Note 5.2. The above have been considered as Cash and Cash equivalents for the purpose of Statement of Cash flows

NOTE 6 : FINANCIAL ASSETS- LOANS

	Current	
	As at March 31, 2020	As at March 31, 2019
Loans given to related parties	2,376,035	2,376,035
<b>Total</b>	<b>2,376,035</b>	<b>2,376,035</b>

Note 6.1. These loans are repayable on demand.

Note 6.2. Loans and receivables are non- derivative financial assets which generate a fixed or variable interest

NOTE 7: OTHER ASSETS (at amortised cost)

	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, considered good</b>		
<b>Capital advances</b>		
Advance against expenses	1,140,750	1,140,750
TDS Receivable	-	91,537
	1,140,750	1,232,287





SPML UTILITIES LIMITED  
 NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE HALF YEAR ENDED March 31, 2020  
 CIN No: U90000KA2008PLC046115

NOTE 8 : SHARE CAPITAL

(Amount in Rs)

	As at March 31, 2020	As at March 31, 2019
<b>Authorized capital</b>		
200,000,000 equity shares (previous year: 200,000,000) ₹ 1 par value per share	200,000,000.00	200,000,000.00
<b>Issued, subscribed and paid-up capital</b>		
200,000,000 equity shares (previous year: 200,000,000) ₹ 1 par value per share	200,000,000.00	200,000,000.00

**a. Reconciliation of the equity shares outstanding at the beginning and at the end of the year**  
 Equity Shares

	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
At the beginning of the year	200,000,000	200,000,000.00	200,000,000	200,000,000.00
Calls in arrears	-	-	-	-
Outstanding at the end of the year	200,000,000	200,000,000.00	200,000,000	200,000,000.00

**b. Rights, preferences and restrictions attaching to equity shares including restrictions on the distribution of dividends and the repayment of capital:**

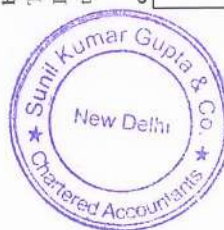
The Company has only one class of shares referred to as equity shares having a par value of Rs.1 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining asset of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Details of shares held by the Holding Company, the Ultimate Holding Company, their Subsidiaries and Associates:**

	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
SPML Infra Ltd	200,000,000	200,000,000.00	200,000,000	200,000,000.00

**d. The details of shareholders holding more than 5% equity shares is set below:**

	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% Holding	No. of Shares	% Holding
SPML Infra Ltd ( Including Beneficiary 300 Equity shares)	200,000,000	100.00%	200,000,000	100.00%



NOTE 9 : OTHER EQUITY

	As at March 31, 2020	As at March 31, 2019
A. Retained Earnings (movements given below)	(129,084,316)	(128,719,004)
<b>Total - Other equity</b>	<b>(129,084,316)</b>	<b>(128,719,004)</b>

Movement in Retained Earnings

	As at March 31, 2020	As at March 31, 2019
<b>Opening Balance</b>	(128,719,004)	(128,255,676)
Add: Profit/(Loss) for the year	(365,312)	(463,328)
<b>Closing Balance</b>	<b>(129,084,316)</b>	<b>(128,719,004)</b>

NOTE 10 : OTHER FINANCIAL LIABILITIES

	Non- Current	
	As at March 31, 2020	As at March 31, 2019
Financial Guarantee Obligation	8,640,622	4,820,837
<b>Total</b>	<b>8,640,622</b>	<b>4,820,837.00</b>

NOTE 10.1 : LONG TERM BORROWINGS

	As at March 31, 2020	As at March 31, 2019
<b>Unsecured</b>		
Loans and Advances from Related Parties	55,616,067	55,585,755
<b>Total</b>	<b>55,616,067</b>	<b>55,585,755</b>

Note: Loan from related parties is interest free.

NOTE 11 : OTHER CURRENT LIABILITIES

	As at March 31, 2020	As at March 31, 2019
Advances against Supplies SPML Bhiwandi Water Supply Infra Ltd	9,380,156	9,380,156
Liability for Expenses and Services To Others	87,450	70,800
<b>TOTAL</b>	<b>9,467,606</b>	<b>9,450,956</b>

NOTE 11.1 : CURRENT TAX LIABILITIES

	As at March 31, 2020	As at March 31, 2019
Provision for MAT	43,758	43,758
<b>TOTAL</b>	<b>43,758</b>	<b>43,758</b>





SPML UTILITIES LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE HALF YEAR ENDED March 31, 2020

CIN No: U90000KA2008PLC046115

12 Other Income

Particulars	(Amount in Rs)	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest Income	699,021	817,569
	<u>699,021.00</u>	<u>817,569.00</u>

13 Employee Benefit Expenses

Particulars	(Amount in Rs)	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and wages	-	-
Staff Welfare	-	-
	<u>-</u>	<u>-</u>

14 Finance Costs

Particulars	(Amount in Rs)	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Bank / Demat Charges	108,945.56	902,552.44
	<u>108,945.56</u>	<u>902,552.44</u>

15 Other Expenses

Particulars	(Amount in Rs)	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Auditors' Remuneration (Refer Note: 15.1)	35,400	35,400
Legal and professional charges	-	14,250
Filing fee	11,562	22,200
Office Exp	-	9,750
Miscellaneous Expenses	-	13,800
Sundry Balance W/off	91,537	-
	<u>138,499</u>	<u>95,400</u>

15.1 Auditors' Remuneration

Particulars	(Amount in Rs)	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Audit Fees	35,400.00	35,400.00
	<u>35,400.00</u>	<u>35,400.00</u>



SPML UTILITIES LIMITED

Notes to Financial Statements as at and for the half year ended March 31, 2020

CIN No: U90000KA2008PLC046115

Note 16.

	As at 31.03.2020	As at 31.03.2019
<b>a. Guarantees given</b>		
Against Loans taken by a Subsidiary	8,640,621.54	4,820,837.00
Against Sales tax	-	-
Others	-	-
<b>Total</b>	<b>8,640,621.54</b>	<b>4,820,837.00</b>

Note 17. Disclosure in respect of Related Parties pursuant to Ind AS 24

List of Related Parties

I. Parent and Subsidiary Companies:

Name of related parties	Nature of relationship	% of Holding
SPML Infra Ltd	Holding	100.00
Madurai Municipal Waste Processing Company Ltd	Subsidiary	47.50
Mathura Nagar Waste Processing Company Ltd	Fellow Subsidiary	NA
Delhi Waste Management Ltd	Fellow Subsidiary	NA

II Other related parties with whom transactions have taken place during the year:

Name of related parties	Nature of relationship	% of Holding
Hydro-Comp Enterprises (India) Pvt Ltd	Joint Venture	50.00
Aurangabad City Water Utility Company Ltd	Joint Venture	40.01

III Entities where Key Management Personnel & their relatives have significant influence with whom transactions have taken place during the year

SPML industries Ltd  
 SPML Bhiwandi Water Supply Management Ltd  
 SPML Bhiwandi Water Supply Infra Ltd  
 Latur Water Supply Management Company Ltd  
 Zoom Industrial Services Limited





SPML UTILITIES LIMITED

Notes to Financial Statements as at and for the half year ended March 31, 2020

CIN No: U90000KA2008PLC046115

Note 18

A. During the year the following transactions were carried out with the related parties in the ordinary course of business:

Transaction	Related Party	Amount in Rs	
		2019-20	2018-19
Short Term Loan given / Repayment	SPML Infra Ltd	-	-
Short Term Loan Taken	SPML Infra Ltd	30,312.00	323,970.00

B. Balances outstanding at the year end:

Outstanding	Related Party	2019-20	2018-19
Payable	SPML Infra Ltd	55,616,067	55,585,755
	SPML Bhiwandi Water Supply Infra Ltd	9,380,156	9,380,156
Receivable	SPML Bhiwandi Water Supply Management Ltd	2,376,035	2,376,035
	Aurangabad City Water Utility Company Ltd	1,140,750	1,140,750
Corporate Guarantee outstanding	Madurai Municipal Waste Processing Company Ltd	8,640,622	4,820,837

Notes:

a) Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash except as otherwise mentioned.



SPML UTILITIES LIMITED

Notes to Financial Statements as at and for the half year ended March 31, 2020

CIN No: U90000KA2008PLC046115

Note 19.1. Categorization of Financial Instruments

Particulars	Carrying value/ Fair value	
	As at March 31, 2020	As at March 31, 2019
<b>(i) Financial Assets</b>		
<b>a) Measured at FVOCI</b>		
^- Investments in Equity Instruments	83,603,647.54	79,725,786.00
<b>b) Measured at Amortised Cost*</b>		
^- Loans	2,376,035.09	2,376,035.09
^- Cash and Cash Equivalents	45,155.00	154,100.56
^- Other Financial Assets	-	-
<b>(ii) Financial Liabilities</b>		
<b>a) Measured at FVTPL</b>		
^- Financial Guarantee Obligation	8,640,621.54	4,820,837.00
<b>b) Measured at Amortised Cost*</b>		
^- Borrowings (Secured and Unsecured)	55,616,067.00	55,585,755.00

\*Carrying Value of assets / liabilities carried at amortized cost are reasonable approximation of its fair values.

The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables and trade payables at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

Note 19.2. Fair Value Hierarchy

The table shown below analyses financial instruments carried at fair value. The different levels have been defined below:-

Level 1: Quoted Prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

a) Financial assets and liabilities measured at fair value at 31 March 2020

	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investment at FVOCI	-	-	83,603,647.54	83,603,647.54
<b>Financial Liabilities</b>				
Financial Guarantee Obligation	-	-	8,640,621.54	8,640,621.54

Financial assets and liabilities measured at fair value at 31 March 2019

	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investment at FVOCI				
Investments in Bharat Hydro	-	-	79,725,786.00	79,725,786.00
<b>Financial Liabilities</b>				
Financial Guarantee Obligation	-	-	4,820,837.00	4,820,837.00

(b) Financial instruments at amortized cost

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

(c) During the year there has been no transfer from one level to another

(d) Description of Significant Unobservable inputs to Valuation:

Particulars	Valuation technique	Significant unobservable inputs	Sensitivity to the input of the fair value
Unquoted Equity Shares in Bharat Hydro	Discounted Cash Flow approach	Discount rate	1% decrease in the discount rate will result in OCI gain of INR 5.32 lacs and 1% increase will have an equal but opposite effect.
Financial Guarantee Obligation	Discounted Cash Flow approach	Discount rate	1% increase in the discount rate will result in loss of INR 0.16 lacs in Profit and Loss and 1% increase will have an equal but opposite effect.





**Note 20. Financial risk management objectives and policies**

The Company's principal financial liabilities, comprise of borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's working capital requirements. The Company has various financial assets such as trade receivables, loans, investments, short-term deposits and cash & cash equivalents, which arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Board of Directors oversees the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Company. The Company's Board of Directors assures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**A. Credit Risk**

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company.

The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost.

The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits. Other financial assets measured at amortized cost includes security deposits, Loans given and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

**a) Credit Risk Management****1. Credit Risk Rating**

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- A. Low Credit Risk
- B. Moderate Credit risk
- C. High credit risk

The Company provides for Expected Credit Loss based on the following:

Asset Group	Description	Provision for Expected Credit Loss*
Low Credit Risk	Loans	12 month expected credit loss/life time expected credit loss

\*Based on business environment in which the Company operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed

Credit Rating	Particulars	March 31, 2020	March 31, 2019
Low Credit Risk	Loans	2,376,035.09	2,376,035.09

**b) Credit Risk Exposure**

The Company does not expect any credit loss on the Financial Assets and hence no Provision for the same has been created.

**B. Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by

**Maturities of Financial Liabilities**

The table below analyse the Company's Financial Liabilities into relevant maturity groupings based on their contractual maturities

**31-Mar-20**

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	-	55,616,067.00	-	55,616,067.00

**31-Mar-19**

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	-	55,585,755.00	-	55,585,755.00

**C. Market Risk****a. Interest Rate Risk**

The Company has taken debt to finance its working capital, which exposes it to interest rate risk. Borrowings issued at variable rates expose the Company to interest rate risk.

*Interest Rate Risk Exposure*

Particulars	31-Mar-20	March 31, 2019
Variable Rate Borrowing	-	-
Fixed Rate Borrowing	55,616,067.00	55,585,755.00

**Interest rate sensitivity**

Intangible assets is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	31-Mar-20	March 31, 2019
<b>Interest Sensitivity*</b>		
Interest Rates increase by 100 basis points	-	-
Interest Rates decrease by 100 basis points	-	-

\*Holding all other variables constant





SPML UTILITIES LIMITED

Notes to Financial Statements as at and for the year ended March 31, 2020

CIN No: U90000KA2008PLC046115

**Note 21. Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximise the shareholders value. The Company's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of equity, internal fund generation and borrowed funds. The Company's policy is to use short term and long term borrowings to meet anticipated funding requirements. The Company monitors capital on the basis of the net debt to equity ratio. The Company is not subject to any externally imposed capital requirements. Net debt are long term and short term debts as reduced by cash and cash equivalents (including restricted cash and cash equivalents). Equity comprises share capital and free reserves (total reserves excluding OCI). The following table summarizes the capital of the Company:

	31-Mar-20	31-Mar-19
Borrowings	55,616,067.00	55,585,755.00
Trade payables	-	-
Less: cash and cash equivalents	45,155.00	154,100.56
<b>Net debt</b>	<b>55,570,912.00</b>	<b>55,431,654.44</b>
<b>Capital and net debt</b>	<b>55,570,912.00</b>	<b>55,431,654.44</b>
Gearing ratio	0.78	0.78

**Note 22: Deferred Tax Asset**

	31-Mar-20	31-Mar-19
<b>Deferred Tax Assets arising out of:</b>		
Impairment Loss recognised on Non Current Investments	40,266,067	40,266,067
Impairment of Capital Advance	26,222,451	26,222,451
<b>Gross Deferred Tax Assets</b>	<b>66,488,518</b>	<b>66,488,518</b>
<b>Deferred Tax Liabilities arising out of:</b>		
Interest Income on Guarantee given	699,021	1,000,924
Fair valuation of Investments	7,793,500	7,793,500
Tax Expenses	477,847	-
<b>Gross Deferred Tax Liabilities</b>	<b>8,970,368</b>	<b>8,794,424</b>
<b>Net Deferred Tax Asset</b>	<b>57,518,150</b>	<b>57,694,094</b>

**Reconciliation of deferred tax (assets) / liabilities (net):**

	31-Mar-20	31-Mar-19
	INR lacs	INR lacs
<b>Opening balance as at 1 April</b>	<b>8,794,424.23</b>	<b>8,511,479.99</b>
Tax income/(expense) during the period recognised in:		
(i) statement of Profit and Loss in Profit or Loss section	175,944.00	282,944.24
(ii) statement of Profit and Loss under OCI section		
(iii) retained earnings		
<b>Closing balance as at 31 March</b>	<b>8,970,368.23</b>	<b>8,794,424.23</b>



Note 23. Earning Per Share

Particulars	For the year ended 31st March,2020	For the year ended 31st March,2019
	Amount (₹)	Amount (₹)
Net profit available for Equity Shareholders	275,632.44	(463,327.92)
Weighted Average number of Equity shares	200,000,000	200,000,000
Basic and Diluted Earnings Per Share	0.0014	-0.0023

As per our report of even date

For Sunil Kumar Gupta & Co.  
Chartered Accountants  
Firm's Registration Number : 003645N



Sunil Kumar Gupta  
Partner  
Membership No. 082486

Place: New Delhi  
Date: 20-07-2020



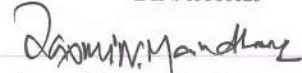
For and on behalf of Board of Directors of  
SPML Utilities Limited



Manoj Kumar Gangwal  
Director  
DIN: 06659068



Aanchal Sethi  
Director  
DIN: 03588023



Laxmi Narayan Mandhana  
Company Secretary