

**JSW SHIPYARD PRIVATE LIMITED**  
**Balance Sheet as at 31st March, 2020**  
CIN: U63032MH2008PTC177642

Amounts in INR

Particulars	Note no.	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Capital Work-in-Progress	2	11,041,831	11,041,831
<b>Total Non-Current Assets</b>		<b>11,041,831</b>	<b>11,041,831</b>
<b>Current Assets</b>			
Financial Assets			
Cash and Cash Equivalents	3	560,115	560,823
Other Financial Assets	4	150,000	150,000
<b>Total Current Assets</b>		<b>710,115</b>	<b>710,823</b>
<b>TOTAL ASSETS</b>		<b>11,751,946</b>	<b>11,752,654</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	5	8,107,700	8,107,700
Other Equity	6	(3,686,990)	(3,627,662)
<b>Total Equity</b>		<b>4,420,710</b>	<b>4,480,038</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Other Financial Liabilities	7	6,000,000	6,000,000
<b>Total Non-Current Liabilities</b>		<b>6,000,000</b>	<b>6,000,000</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Trade payables	8		
- Total outstanding, due of micro enterprises and small enterprises		-	-
- Total outstanding, due of creditors other than micro enterprises and small enterprises		39,780	38,400
Other Financial Liabilities	9	1,291,456	1,234,216
<b>Total Current Liabilities</b>		<b>1,331,236</b>	<b>1,272,616</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,751,946</b>	<b>11,752,654</b>
<b>Significant accounting policies &amp; key accounting estimates and judgements</b>	1		

The accompanying notes form an integral part of consolidated financial statements.

As per our attached report of even date

**For Shah Gupta & Co.**  
Chartered Accountants  
Firm's Registration No: 109574W

**For and on behalf of the Board of Directors**

**PARTH PATEL**  
Partner  
Membership No. 172670  
UDIN : 20172670AAAABL9026

**RITESH UDESHI**  
Director  
DIN : 06793079

**SUDIP MISHRA**  
Director  
DIN : 03428213

Date : 28th May, 2020  
Place : Mumbai

**JSW SHIPYARD PRIVATE LIMITED**  
Statement of Profit and Loss for the year ended 31st March, 2020

Amounts in INR

Particulars	Note no.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>INCOME</b>			
Other income		-	-
<b>Total Income (1)</b>		-	-
<b>EXPENSES</b>			
Other Expenses	10	59,328	134,192
<b>Total Expenses (2)</b>		<b>59,328</b>	<b>134,192</b>
<b>Loss Before Tax (1-2)</b>		<b>(59,328)</b>	<b>(134,192)</b>
<b>Tax Expense</b>		-	-
<b>Loss for the Year (3)</b>		<b>(59,328)</b>	<b>(134,192)</b>
<b>Other Comprehensive Income for the year (4)</b>		-	-
<b>Total Comprehensive Income for the year (3+4)</b>		<b>(59,328)</b>	<b>(134,192)</b>
<b>Earnings per equity share</b> (Face value of equity share of Rs. 10 each)			
Basic (Rs.)	15	(0.07)	(0.17)
Diluted (Rs.)	15	(0.07)	(0.17)
<b>Significant accounting policies &amp; key accounting estimates and judgements</b>	1		

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

As per our attached report of even date

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Chartered Accountants  
Firm's Registration No: 109574W

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**SUDIP MISHRA**  
Director  
DIN : 03428213

Date : 28th May, 2020  
Place : Mumbai

**JSW SHIPYARD PRIVATE LIMITED**  
Statement of Cash Flows for the year ended 31st March, 2020

Amounts in INR

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>[A] Cash Flows from Operating Activities</b>		
Loss before tax	(59,328)	(134,192)
Operating loss before working capital changes	(59,328)	(134,192)
(Increase)/ Decrease in trade and other receivables	-	-
Increase/ (Decrease) in trade and other payables	58,620	133,484
<b>Cash used in operating activities</b>	<b>(708)</b>	<b>(708)</b>
Direct taxes paid (net of refunds)	-	-
<b>Net cash used in operating activities [A]</b>	<b>(708)</b>	<b>(708)</b>
<b>[B] Cash Flows from Investing Activities</b>		
Addition in capital work in progress	-	-
<b>Net cash used in investing activities [B]</b>	<b>-</b>	<b>-</b>
<b>[C] Cash Flows from Financing Activities</b>		
Proceeds from Issue of Equity Share	-	-
<b>Net cash generated from financing activities [C]</b>	<b>-</b>	<b>-</b>
<b>Net Decrease in Cash and Bank Balances [A+B+C]</b>	<b>(708)</b>	<b>(708)</b>
Cash and cash equivalents at beginning of the year	560,823	561,531
Cash and cash equivalents at end of the year	560,115	560,823

Note:

The above cash flow statements has been prepared under the "indirect method" as set out in India Accounting Standard (IND AS - 7) - Statement of Cash Flow

As per our attached report of even date

**For Shah Gupta & Co.**  
Chartered Accountants  
Firm's Registration No: 109574W

**For and on behalf of the Board of Directors**

**PARTH PATEL**  
Partner  
Membership No. 172670  
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**RITESH UDESHI**  
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**SUDIP MISHRA**  
Director  
DIN : 03428213

Date : 28th May, 2020  
Place : Mumbai

**JSW SHIPYARD PRIVATE LIMITED**  
Statement of Changes in Equity for the year ended 31st March, 2020

**A) EQUITY SHARE CAPITAL**

Amounts in INR

Balance as at 1st April, 2019	Changes in equity share capital during the year	Balance as at 31st March, 2020
8,107,700	-	<b>8,107,700</b>

Amounts in INR

Balance as at 1st April, 2018	Changes in equity share capital during the year	Balance as at 31st March, 2019
8,107,700	-	<b>8,107,700</b>

**B) OTHER EQUITY**

Amounts in INR

Particulars	Retained Earnings	Total equity attributable to equity holders of the Company
<b>Balance as at 1st April, 2019</b>	(3,627,662)	(3,627,662)
Loss for the year	(59,328)	(59,328)
<b>Balance as at 31st March, 2020</b>	<b>(3,686,990)</b>	<b>(3,686,990)</b>

Amounts in INR

Particulars	Retained Earnings	Total equity attributable to equity holders of the Company
<b>Balance as at 1st April, 2018</b>	(3,493,470)	(3,493,470)
Loss for the year	(134,192)	(134,192)
<b>Balance as at 31st March, 2019</b>	<b>(3,627,662)</b>	<b>(3,627,662)</b>

As per our attached report of even date

**For Shah Gupta & Co.**

Chartered Accountants  
Firm's Registration No: 109574W

**For and on behalf of the Board of Directors**

**PARTH PATEL**

Partner  
Membership No. 172670  
UDIN : 20172670AAAABL9026

**RITESH UDESHI**

Director  
DIN : 06793079

**SUDIP MISHRA**

Director  
DIN : 03428213

Date : 28th May, 2020

Place : Mumbai

**JSW SHIPYARD PRIVATE LIMITED**

Notes to the Financial Statements as at 31st March, 2020

**NOTE 2:- CAPITAL WORK IN PROGRESS**

Amounts in INR

Particulars	Capital work-in- progress
Opening balance as at 1st April, 2019	11,041,831
Additions	-
<b>Closing balance as at 31st March, 2020</b>	<b>11,041,831</b>

**Capital Work in Progress includes**

Amounts in INR

Particulars	As at 31st March, 2020	As at 31st March, 2019
Pre-operative Expenses	299,080	299,080
	<b>299,080</b>	<b>299,080</b>

**NOTE 3:- CASH AND CASH EQUIVALENTS**

Amounts in INR

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Balances with Banks</b>		
In current accounts	560,115	560,823
	<b>560,115</b>	<b>560,823</b>

**NOTE 4:- CURRENT FINANCIAL ASSETS- OTHERS**

Amounts in INR

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance for Rent	150,000	150,000
	<b>150,000</b>	<b>150,000</b>

**NOTE 5:- EQUITY SHARE CAPITAL**

Amounts in INR

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Authorised</b>		
20,00,000 Equity Shares of 10/- each	20,000,000	20,000,000
<b>Issued, Subscribed and Paid-up</b>		
8,10,770 Equity Shares of Rs.10/- each, fully paid-up	1,000,000	1,000,000
	<b>1,000,000</b>	<b>1,000,000</b>

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

Amounts in INR

Issued, Subscribed and Paid up share capital	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	810770	8,107,700	810770	8,107,700
Movement during the year	-	-	-	-
Balance at the end of the year	<b>810770</b>	<b>8,107,700</b>	<b>810770</b>	<b>8,107,700</b>

**(b) Terms / rights attached to equity shares**

The Company has one class of share capital, i.e., equity shares having face value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(c) Shares held by holding company**

Amounts in INR

Name of the Shareholders	No. of Shares		No. of Shares	
	No. of Shares	Amount	No. of Shares	Amount
JSW Infrastructure Limited	810,770	8,107,700	810,770	8,107,700
	<b>810,770</b>	<b>8,107,700</b>	<b>810,770</b>	<b>8,107,700</b>

**(d) Details of shareholders holding more than 5 % shares in the Company**

Amounts in INR

Name of the Shareholder	As at 31st March, 2020			As at 31st March, 2019		
	No. of Shares	Amount	% holding in the class	No. of Shares	Amount	% holding in the class
JSW Infrastructure Limited (including nominee shareholder)	810,770	8,107,700	100	810,770	8,107,700	100
	<b>810,770</b>	<b>8,107,700</b>	<b>100</b>	<b>810,770</b>	<b>8,107,700</b>	<b>100</b>

**JSW SHIPYARD PRIVATE LIMITED**

**Notes to the Financial Statements as at 31st March, 2020**

**NOTE 6:- OTHER EQUITY**

Amounts in INR

Particulars	Retained Earnings	Total equity attributable to equity holders of the Company
Balance as at 1st April, 2019	(3,627,662)	(3,627,662)
Loss for the year	(59,328)	(59,328)
<b>Balance as at 31st March, 2020</b>	<b>(3,686,990)</b>	<b>(3,686,990)</b>

Amounts in INR

Particulars	Retained Earnings	Total equity attributable to equity holders of the Company
Balance as at 1st April, 2018	(3,493,470)	(3,493,470)
Loss for the year	(134,192)	(134,192)
<b>Balance as at 31st March, 2019</b>	<b>(3,627,662)</b>	<b>(3,627,662)</b>

**Nature and purpose of reserves:**

**(i) Retained earnings**

Retained earnings are the profits that Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings are free reserves available to the Company.

**(ii) Equity Instruments through other comprehensive income**

The company has elected to recognise changes in the liability due to changes in actuarial assumptions in other comprehensive income and subsequently not re-classified to the statement of profit and loss.

**(iii) Equity settled share based payment reserve**

The Company offers ESOP, under which options to subscribe for the Company's share have been granted to certain employees and senior management. The share based payment reserve is used to recognise the value of equity settled share based payments provided as part of the ESOP scheme

**NOTE 7:- NON-CURRENT FINANCIAL LIABILITIES- OTHERS**

Amounts in INR

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance received from related party (refer Note 12)	6,000,000	6,000,000
	<b>6,000,000</b>	<b>6,000,000</b>

**NOTE 8:- CURRENT FINANCIAL LIABILITIES - TRADE PAYABLE**

Amounts in INR

Particulars	As at 31st March, 2020	As at 31st March, 2019
Due to micro, small and medium enterprises (Refer Note 8.1)	-	-
Due to others	39,780	38,400
	<b>39,780</b>	<b>38,400</b>

**Note 8.1 Details of Dues to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006**

Particulars	As at 31st March, 2020	As at 31st March, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
Principal Amount due to micro, small and medium enterprises	-	-
Interest due on above	-	-

**NOTE 9 :- CURRENT FINANCIAL LIABILITIES - OTHERS**

Amounts in INR

Particulars	As at 31st March, 2020	As at 31st March, 2019
Due to related parties (refer Note 12)	1,291,456	1,234,216
	<b>1,291,456</b>	<b>1,234,216</b>

## JSW SHIPYARD PRIVATE LIMITED

### Notes to the Financial Statements for the year ended 31st March, 2020

#### NOTE 10:- OTHER EXPENSES

Amounts in INR

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Rates and taxes	2,515	2,500
Bank charges	708	708
Legal, professional & consultancy charges	20,705	46,330
Remuneration to Auditors (refer Note 16)	35,400	35,400
General office expenses and overheads	-	49,254
	<b>59,328</b>	<b>134,192</b>

#### NOTE 11 : CONTINGENT LIABILITIES AND COMMITMENTS

##### A. Contingent Liabilities:

There is no Contingent Liability as at 31st March, 2020.

##### B. Commitments:

The company has no commitment for any contract remaining to be executed.

#### NOTE 12 :- DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 24 RELATED PARTY DISCLOSURES

##### List of Related Parties

Name	Nature of Relation
JSW Infrastructure Limited	Holding Company
JSW Jaigarh Port Limited	Fellow Subsidiary
Ritesh Udeshi	Non executive director
Sudip Mishra	Non executive director

The following transactions were carried out with the related parties in the ordinary course of business

Amounts in INR

Nature of transaction/relationship	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>JSW Infrastructure Limited</b>		
Reimbursement for Expenses	57,240	133,297
	<b>57,240</b>	<b>133,297</b>

Amount due to parties

Amounts in INR

Nature of transaction/relationship	As at 31st March, 2020	As at 31st March, 2019
<b>Others payable ( for reimbursement of expenses)</b>		
JSW Infrastructure Limited	1,291,456	1,234,216
<b>Advances received</b>		
JSW Jaigarh Port Limited	6,000,000	6,000,000
	<b>7,291,456</b>	<b>7,234,216</b>

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

#### NOTE 13 :- FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS

Amounts in INR

Particulars	Levels	As at 31st March, 2020		As at 31st March, 2019	
		Carrying amount	Fair Value	Carrying amount	Fair Value
<b>Financial assets at amortised cost</b>					
Cash and bank balances		560,115	560,115	560,823	560,823
Other Financial assets - current		150,000	150,000	150,000	150,000
		<b>710,115</b>	<b>710,115</b>	<b>710,823</b>	<b>710,823</b>
<b>Financial liabilities at amortised cost</b>					
Other Financial liabilities- non current		6,000,000	6,000,000	6,000,000	6,000,000
Other financial liabilities- current		1,291,456	1,291,456	1,234,216	1,234,216
		<b>7,291,456</b>	<b>7,291,456</b>	<b>7,234,216</b>	<b>7,234,216</b>

\* The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, other bank balances, other financial assets and other financial liabilities are considered to be the same as their fair values, due to their short term nature.

##### Fair value hierarchy

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 assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

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

## JSW SHIPYARD PRIVATE LIMITED

### Notes to the Financial Statements for the year ended 31st March, 2020

#### NOTE 14 :-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### Financial risk factors

The Company's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company has incurred loss of Rs. 59,328/- for the year ended and as of the date accumulated losses of the company amounts to Rs. 36,86,990/- resulting in erosion of net worth of the company. The management is optimistic of improving the cash flows through equity infusion by way of contribution from promoter. These measures are expected to result in suitable cash flows in future.

##### Market risk

The Company has not started its operations hence no market risk is perceived.

##### Credit risk

The Company has not started its operations hence no credit risk is perceived.

##### Liquidity risk

The Company's principal source of liquidity are cash and cash equivalent i.e. contributed by promoters. The Company has no outstanding bank borrowings. The Company believes that the working capital is sufficient to meet its current requirement, accordingly no liquidity risk is perceived.

The Company had a working capital of Rs. (6,21,121) [previous year Rs. (5,61,793)] which mainly includes cash and cash equivalents.

The below table provides details regarding the ageing of significant financial liabilities as of 31st March, 2020.

Amounts in INR

Particulars	Less than 1 year	1-2 years	2 and above years	Total
Trade payable	-	-	-	-
Financial liabilities (refer note 8 and 9)	1,291,456	-	6,000,000	7,291,456

##### Capital Management

For the purpose of company capital management, capital includes issue capital and all other equity reserves. The primary objective of company's capital management is to maximise shareholder value. The Company manages its capital structure and makes adjustment in the light of changes in economic environment and requirement of financial covenants.

#### NOTE 15 :- DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 33 EARNINGS PER SHARE

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Face value of equity share (Rs.)	10.00	10.00
Weighted average number of equity shares outstanding	810,770	810,770
Loss for the year (Rs.)	(59,328)	(134,192)
Weighted average earnings per share (Basic and Diluted) Rs.	(0.07)	(0.17)

#### NOTE 16:- SEGMENT REPORTING

Considering the nature of business and operations, there are no separate reportable segments in accordance with the requirements of Ind As - 108 Operating Segments.

#### NOTE 17:- PAYMENT TO AUDITORS

Amounts in INR

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Statutory Audit Fees	35,400	35,400

#### NOTE 18:- Going Concern

The Company has incurred loss of Rs. 47,569 for the year ended and as of the date accumulated losses of the company amounts to Rs. 2,77,679/- resulting in erosion of entire net worth of the company. The management is optimistic of improving the operational cash flows after commencement of business and through equity infusion by way of contribution from promoter. Accordingly, the financial statements continue to be presented in on going concern basis.

#### NOTE 19 :- REALISATION VALUE OF CURRENT ASSETS

In the opinion of Management, the Current Assets comprising of Advances and other receivables, have value on realisation in the ordinary course of business at least equal to the amount to which they are stated.

#### NOTE 20 : NOTE ON COVID

India and other global markets experienced significant disruption in operations resulting from uncertainty caused by the worldwide coronavirus pandemic. Considering that the Company is in the business of essential services, management believes that there is not much of an impact likely due to this pandemic including the utilization of install capacity. To manage the expected liquidity risk, the Company has availed debt moratorium for some term loans under the relief package issued by the Reserve Bank of India (RBI) and would re-prioritize discretionary capital expenditure in the immediate future.

#### Going concern assessment:

The Company has continued its operations during lockdown due to the outbreak of COVID-19 as the Port Service is considered as one of the essential services by the Government. The Company's substantial port infrastructure capacities are tied up under medium to long term service agreements with its customers, which insulates revenue of the Company under such contracts.

## **JSW SHIPYARD PRIVATE LIMITED**

### **Notes to the Financial Statements for the year ended 31st March, 2020**

Based on initial assessment, the management does not expect any medium to long-term impact on the business of the Company. The Company has evaluated the possible effects on the carrying amounts of property, plant and equipment, its infrastructure assets, inventory, loans, receivables and debt covenants basis the internal and external sources of information and determined, exercising reasonable estimates and judgements, that the carrying amounts of these assets are recoverable. Having regard to above, and the Company's liquidity position, there is no uncertainty in meeting financial obligations over the foreseeable future.

**NOTE 21** :- The additional information pursuant to Schedule III of the Companies Act, 2013 is either Nil, or not applicable.

**NOTE 22** :- The financial statements are approved for issue by the Audit Committee at its meeting held on 28th May, 2020 and by the Board of Directors on 28th May, 2020.

**NOTE 23** :- Previous year's figures have been reclassified/regrouped, wherever necessary, to confirm with the current year's classification.

**The accompanying notes form an integral part of consolidated financial statements.**

As per our attached report of even date

**For Shah Gupta & Co.**  
Chartered Accountants  
Firm's Registration No: 109574W

**For and on behalf of the Board of Directors**

**PARTH PATEL**  
Partner  
Membership No. 172670  
UDIN : 20172670AAAABL9026

**RITESH UDESHI**  
Director  
DIN : 06793079

**SUDIP MISHRA**  
Director  
DIN : 03428213

Date : 28th May, 2020  
Place : Mumbai

# JSW SHIPYARD PRIVATE LIMITED

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### COMPANY OVERVIEW

JSW Shipyard Private Limited is a private limited company, domiciled in India and incorporated in under the provision of Companies Act applicable in India.

The Company is engaged in developing and operating mechanized modern ports to support JSW Group. Apart from this, the Company is also planning to undertake various logistic related activities like Shipping, Roads, Railways, Marine Infrastructures, etc.

### 1. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

#### 1.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) under the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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

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.

#### 1.2 Significant Accounting Policies

##### 1. Property, Plant and Equipment

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and accumulated impairment losses. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method as prescribed under Part C of schedule II of the Companies Act, 2013 except for the assets mentioned below for which useful life estimated by the management. The Identified components of fixed assets are depreciated over their useful lives and the remaining components are depreciated over the life of the principal assets.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Freehold land is not depreciated and Leasehold land is amortized over the period of lease.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use

# JSW SHIPYARD PRIVATE LIMITED

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020

before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

### 2. Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful lives of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

### 3. Cash and Cash Equivalents

Cash and short-term deposits in the Balance Sheet comprise cash at banks, cheque on hand, short-term deposits with a maturity of three months or less from the date of acquisition, which are subject to an insignificant risk of changes in value.

### 4. Statement of Cash Flow

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### 5. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### Company as lessee

## JSW SHIPYARD PRIVATE LIMITED

### Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term and the lease term is as follows.

Class of assets	Years
Leasehold land	99 Years
Buildings	3 and 29 years
Plant & Machinery	3 and 15 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are subject to impairment test.

#### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

#### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below Rs. 5,00,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### **A) New and amended accounting standards:**

Ind AS 116 – Leases

## JSW SHIPYARD PRIVATE LIMITED

### Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020

Ind AS 116 supersedes Ind AS 17 Leases including evaluating the substance of transactions involving the legal form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under Ind AS 116 is substantially unchanged under Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

Effective 01 April 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on the date of initial application i.e. 01 April 2019. The Company has used the modified retrospective approach for transitioning to Ind AS 116 with right-of-use asset recognized at an amount equal to the lease liability adjusted for any prepayments/accruals recognized in the balance sheet immediately before the date of initial application. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted.

Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 1 (IV) Leases for the accounting policy beginning 1 April 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Leases previously classified as finance leases

The Company applied the practical expedients provided in Ind AS 116 and did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 was applied to these leases from 1 April 2019.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

Used a single discount rate to a portfolio of leases with reasonably similar characteristics

Relied on its assessment of whether leases are onerous immediately before the date of initial application

Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application

Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Most of the contracts that contains extension terms are on mutual agreement between both the parties and hence the potential future rentals cannot be assessed. Certain contracts where the extension terms are unilateral are with unrelated parties and hence there is no certainty about the extension being exercised.

# JSW SHIPYARD PRIVATE LIMITED

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 6. Fair Value Measurement

The Company measures financial instruments at fair value in accordance with accounting policies at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

A fair value measurement of a non-financing asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

### 7. Financial instruments

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) Investments and other financial assets:

##### Classification

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

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

## JSW SHIPYARD PRIVATE LIMITED

### Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020

The classification depends on the Company'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.

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

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized 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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

#### **Subsequent measurement**

After initial recognition, financial assets are measured at:

- i) fair value (either through other comprehensive income or through profit or loss) or,
- ii) amortized cost

#### **Debt instruments**

Subsequent measurement of debt instruments depends on the business model of the Company for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Measured at amortized cost:** Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortized cost using the effective interest rate ('EIR') method less impairment, if any, the amortization of EIR and loss arising from impairment, if any is recognized in the Statement of Profit and Loss.

**Measured at fair value through other comprehensive income (FVTOCI):** Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss.

#### **Gains or losses on De-recognition**

In case of investment in equity instrument classified as the FVTOCI, the gains or losses in de recognition are reclassified to retained earnings.

In the case of investment in debt instrument classified as the FVTOCI, the gains or losses in de recognition are reclassified to Statement of Profit and Loss.

**Measured at fair value through profit or loss (FVTPL):** A financial asset not classified as either amortized cost or FVTOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognized as 'other income' in the Statement of Profit and Loss.

## JSW SHIPYARD PRIVATE LIMITED

### Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020

#### b) Financial liabilities and equity instruments:

##### Equity Instruments

The Company subsequently measures all investments in equity instruments at fair value. The Management of the Company has elected to present fair value gains and losses on its investment equity instruments in other comprehensive income, and there is no subsequent reclassification of these fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments continue to be recognized in the Statement of Profit and Loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

##### Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivable only, the Company applies the simplified approach permitted by Ind AS - 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of such receivables.

##### De-recognition:

A financial asset is de-recognized only when

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

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognized.

Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognized.

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

##### Income recognition:

##### Interest Income

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

# JSW SHIPYARD PRIVATE LIMITED

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### Dividends

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

### Financial liabilities:

Classification as debt or equity Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Initial recognition and measurement Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value.

Subsequent measurement Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

### De-recognition:

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

### 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 recognized amounts and there is an intention to settle on a net basis or realize 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

## 8. Provisions, Contingent liabilities, Contingent assets and Commitments

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

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 recognized as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible

# JSW SHIPYARD PRIVATE LIMITED

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020

- a possible obligation arising from past events, when the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each Balance Sheet date.

### 9. Earnings per Equity Share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### 10. Taxes

Tax expense comprises current and deferred income tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax [including Minimum Alternate Tax (MAT)] is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Current income tax relating to items recognize outside the statement of profit and loss is recognized outside the statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underline 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 established provisions where appropriate.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred tax relating to items recognized outside the statement of profit and loss are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

# JSW SHIPYARD PRIVATE LIMITED

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020

Deferred income taxes are not provided on the undistributed earnings of Company where it is expected that the earnings of the Company will not be distributed in the foreseeable future. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

### 11. Foreign Currency Translation

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency. Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Foreign currency borrowing is a long-term foreign currency monetary item which is re-measured at each period end date at the exchange rate.

The Appendix clarifies that the date of transaction for the purpose of determining the exchange rate to use on initial recognition of asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration towards such assets, expenses or income. If there is multiply payment or receipts in advance, then an entity must determine transaction date for each payment or receipt of advance consideration. There is no effect on account of adoption of this amendment.

### 12. Current and Non-Current Classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

### 13. Employee Benefits

#### Short term employee benefits

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

#### Post-Employment Benefits

Payments to defined contribution schemes are recognized as an expense when employees have rendered the service entitling them to the contribution. The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The parent Company and its Indian subsidiaries operate defined contribution plans pertaining to Employee State Insurance Scheme for all applicable employees.

# JSW SHIPYARD PRIVATE LIMITED

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### **Gratuity**

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method.

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments is recognized in net profit in the Statement of Profit and Loss.

### **Provident fund**

Eligible employees of Company receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

### **Compensated absences**

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

### **Stock based compensation**

The compensation cost of the stock options granted to employees is calculated using the Fair value of the stock options. The compensation expense is amortized uniformly over the vesting period of the options.

## **14. Revenue Recognition**

Revenue is recognized 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 the 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 and excluding taxes or duties collected on behalf of the government.

Revenue from port operations services/ multi-model service including cargo handling and storage are recognized on proportionate completion method basis based on services completed till reporting date. Revenue on take-or-pay charges are recognized for the quantity that is difference between annual agreed tonnage and actual quantity of cargo handled.

Income from fixed price contract – Revenue from infrastructure development project/ services under fixed price contract. Where there is no uncertainty as to measurement or collectability of consideration is recognized based on milestones reached under the contract.

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an

## **JSW SHIPYARD PRIVATE LIMITED**

### **Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020**

entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flow arising from a contract with customers. The principles of Ind AS 115 is that an entity should recognize revenue that demonstrate the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with the recognition of cumulative effect of contracts that are not completed contracts at the date of initial application of the standard. There is no effect on adoption of IND AS 115.

#### **15. Other Income**

Other income is comprised primarily of interest income, mutual fund income, exchange gain/ loss. All debts instrument measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate exactly discounts the estimated cash payments or receipt over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of financial liability. When calculating the EIR, the Company estimates the expected cash flow by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Mutual fund is recognized at fair value through Profit and Loss.

#### **16. Inventory**

Consumables, construction materials and stores and spares are valued at lower of cost and net realizable value. Obsolete, defective, unserviceable and slow/ non-moving stocks are duly provided for. Cost is determined by the weighted average cost method.

#### **17. Borrowing Costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets. Borrowing costs are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. All other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other cost that an entity incurs in connection with the borrowing of funds. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### **18. Segment Reporting**

The Company is primary engaged in the one business segment namely developing, operating and maintaining the port services, port related infrastructure development activities and developing of infrastructure as determined by Chief Operational decision maker, in accordance with IND AS 108 "Operating Segments".

Considering the interrelationship of various activities of the business, the Chief Operational decision maker monitored the operating result of its business segment on overall basis. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

#### **19. Applicability of new Ind AS 115**

The company applied Ind AS 115 'Revenue from Contracts with Customers' for the first time. Ind AS 115 supersedes Ind AS 18 'Revenue' and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

# JSW SHIPYARD PRIVATE LIMITED

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the cumulative effect method on transition, applied to contracts that were not completed contracts as at April 1, 2018. Therefore, the comparative information was not restated and continues to be reported under Ind AS 11 and Ind AS 18. There was no impact on transition on the opening balance sheet as at April 1, 2018. The new standard has no material impact on the revenue recognised during the year.

### 20. Impact of COVID

India and other global markets experienced significant disruption in operations resulting from uncertainty caused by the worldwide coronavirus pandemic. Considering that the Company is in the business of essential services, management believes that there is not much of an impact likely due to this pandemic including the utilization of install capacity. To manage the expected liquidity risk, the Company has availed debt moratorium for some term loans under the relief package issued by the Reserve Bank of India (RBI) and would re-prioritize discretionary capital expenditure in the immediate future.

### 21. Rounding of Amounts

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

### 1.3 Recent Accounting Pronouncements

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

### 1.4 Key accounting estimates and Judgments

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

#### Critical accounting estimates and assumptions

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

#### Property, plant and equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful lives and the expected residual value at the end of its lives. The useful lives and residual values of Company's assets are determined by Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

# JSW SHIPYARD PRIVATE LIMITED

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### Taxes

The Company has tax jurisdiction at India, significant judgements are involved in determining the provision for income taxes.

### Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### Fair value measurement of financial instruments

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

**As per our attached report of even date**

**For and on behalf of the Board of Directors**

**For Shah Gupta & Co.**

Chartered Accountants

Firm Registration No: 109574W

**PARTH PATEL**

Partner

M.No. 172670

UDIN : 20172670AAAABL9026

**RITESH UDESHI**

Director

DIN : 06793079

**SUDIP MISHRA**

Director

DIN :03428213

Date: 28<sup>th</sup> May, 2020

Place: Mumbai