



NATIONAL COLLATERAL MANGEMENT SERVICES LIMIED

ANNUAL REPORT 2019-2020

BOARD OF DIRECTORS

Mr. Sanjay Kaul (Chairman of the Board)
Mr. SB Mathur (Independent Director)
Mr. Chandran Ratnaswami (Nominee Director)
Mr. Sumit Maheshwari (Nominee Director)
Ms. Zohra Chatterji (Independent Director)
Mr. Pravir Vohra (Independent Director)
Mr. Siraj A. Chaudhry (MD & CEO)
Mr. Unupom Kausik (Whole Time Director)

GROUP CHIEF FINANCIAL OFFICER

Mr. Anuj Kumar Vasdev

COMPANY SECRETARY & DM- LEGAL

Ms. Priya Vaishnav

STATUTORY AUDITORS

M/s. BSR & Co. LLP
Chartered Accountants
(Firm's Registration No.: 101248W/W100022)
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REGISTERED OFFICE

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Kanjurmarg (East), Mumbai-400042

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REGISTRAR AND TRANSFER AGENT

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MESSAGE FROM MD & CEO

Dear Shareholders,

I am happy to share my first message as MD & CEO after taking over the reins of this prestigious Company. First & foremost, I would like to thank you all for your efforts and dedication during this crisis and to get the business moving. Your commitment hasn't gone unnoticed and makes all the difference. The year has been challenging for NCML and COVID-19 has impacted our growth, however as they say 'when the going gets tough, the tough get going'. It is in time of such crisis, heroes are born, and I strongly endorse that with your discipline and continuous support, the Company will come out with flying colours notwithstanding this year's one off-performance.

FY2019-20 Overview

Economies around the world have suffered due to COVID-19 pandemic and are facing the challenges to evolve and grow. The event has impacted every sector, and we have also seen the effect across our businesses. The organisation's turnover at the consolidated level was Rs. 89.26 billion during 2019-20. This has been due to reduced Supply Chain Management (SCM) revenue and planned reduction in the Collateral Management (CM) division, which in turn also impacted Storage and Preservation (S&P) incomes. Testing and Certification (T&C), which had its bulk of revenue in the last quarter, got affected due to COVID-19 and consequently reduced exports. Due to these results, impairment of investments in silo projects, and provision for Collateral Management (CM) legacy issues, impacted on the overall PBT. Weather Intelligence and NFin fared well and were Profit before Tax (PBT) positive.

Prolonged uncertainty in the domestic and global commodity market and poor Kharif arrivals, resulted in lower deposits and higher withdrawal from the warehouses. We have since been working closely with government agencies to ensure optimum space use and have been able to see increased utilisation in leased and project locations. However, there has been a substantial decrease in the carryover stocks stored in our warehouse for the next financial year.

Collateral Management saw a planned reduction in service offerings. Besides, efforts were made to increase CM services in our own-leased or franchised warehouses, enhance collateral management fees, ensure strict adherence to protocols in operations and work in tandem with other service providers in having a fair CM Agreement with banks. While we have been dealing with past issues since the implementation of revised protocols in April 2018, there have been no untoward incidents, resulting in potential loss to the company. With a focused exit from risk-prone assignments, the average assets under management (AUM) during the year was Rs. 59 billion, vis-à-vis Rs. 95 billion during 2018-19. Consequently, the revenue dipped by 307 Mn [PS1] with a negative PBT of 105 Mn.

Given the domestic credit crunch of banks, the revenue from Supply Chain Management (SCM) reduced to 29 Mn from 358 Mn with a negative PBT. With limited funds, the domestic business segment, vendor-managed inventory, has expanded its range of products by including sesame, pearl millet and cottonseed oilcake into its portfolio. Procurement activity in Jharkhand ended with appreciation from the central and state government. Global bearishness in the commodity markets

impacted cross border trade. Similarly, there was a reduction in **NCML Finance's (Nfin)** loan book as a result of the squeeze imposed on NBFCs by the banking sector that was accentuated by the failure of a few sizeable Non-banking finance companies (NBFCs). The loan book at 2860 Mn stood 440 Mn less than the last year.

FY 2019-20 was significant for **Testing & Certification** division since it was ready in all aspects to offer an enhanced scope of testing services. However, the effect of COVID-19 on global movement resulted in muted business during the golden quarter (last quarter). We saw a reduced revenue of 250 Mn, which is 59 Mn lesser than the previous year. The division has been branched into two distinct units - Food Testing and Agri Testing - to have a greater focus on respective clients.

Our **Crop Weather Intelligence Group (CWIG)**, apart from managing a network of more than 3200 AWS, has forayed into technology-based crop risk monitoring services, including production forecast. It has attracted traction from both government and private sectors. The revenue increased by 8 Mn to 18.2 Mn, and the division is poised strategically to build on all the products from hereon.

MktYard.com saw revenues and Gross merchandise value (GMV) dropping significantly, due to reductions in bank-led NPA auctions. This reduced drastically as the WRF (Warehouse Receipt Finance) market shrunk by more than 50%, and banks considerably tightened up credit lines.

The Company is carrying contracts from FCI for setting up silo complexes at 13 places, spread across the four states including UP, Punjab, Haryana, and Bihar. Additionally, three more locations, each of 50,000 MT-capacity, has been allocated in the State of Bihar. This is under design-build finance own and operate (DBFOO) basis where silo storage is required with railway sidings, taking total storage area to 0.70 Mn MT. NCML has also intimated Food Corporation of India (FCI) to terminate 3 locations from the first 11 project locations under Force Majeure as the local conditions, that are beyond its control are hindering in completing the desired land procurement activity. The mandatory land purchase as per FCI requirements was completed at 8 locations under DBFOO, and 2 locations under design build finance operate and transfer (DBFOT) basis.

NCML has started construction activity at 5 locations under DBFOO. The activities in the locations are progressing, and we plan to deliver three projects, namely Bhattu, Sonapat and Batala in FY 2020-21, followed by Chhehreatta and Basti.

In Closing / Vision 2020-21

These are challenging times with the COVID-19 pandemic looming, but the government has recently promulgated three ordinances that provide an array of agri-business opportunities. NCML is well-placed to capture such opportunities, having set its objective in a mission mode. Our utmost priority is risk mitigation and offering solutions with robust quality services to customers.

We have since prepared a detailed growth strategy and specific plans with the help of inputs from an *Ernst and Young* report. As a result, we are converting our lease locations into franchisee(s) and exiting from certain project and silo locations. Besides, we are undertaking digital mapping of

warehouses, offering bundled services to large corporations, and venturing into new domains such as 3PL & non-Agri warehousing. The focus will be on providing quality service offerings, implementing monetisation plans, agility in cost control measures, and cautious investment in new initiatives.

We thank our shareholders, investors, clients, regulatory authorities and banks for their continued patronage, guidance, and support at this critical juncture.

As we advance, NCML will enhance its performance with a renewed emphasis on solution-based offerings. We assure you of a committed and collective effort with professional excellence and look forward to your continued support.

Siraj A. Chaudhry
MD & CEO, NCML

Gurgaon
September 2020

Directors' Report

Your Directors have pleasure in presenting the Sixteenth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March 2020.

1. FINANCIAL SUMMARY -

(Rs. in Million)

Particulars	Mar'2020	Mar'2019	Mar'2020	Mar'2019
	Standalone		Consolidated	
Total Income	8,877	13,269	8,978	13,466
Expenditure	8,940	12,356	9,120	12,490
Profit before Depreciation, Finance Charges and Tax	(63)	913	(142)	976
Interest and Finance Charges	580	566	468	597
Depreciation	219	175	231	187
Profit before Tax	(862)	172	(841)	191
Taxes paid and provided	(265)	24	(257)	35
Profit after Tax	(597)	148	(584)	156
Other Comprehensive income	(3)	1	(3)	1
Balance brought forward from previous Year	1,964	1,820	1,982	1,830
Transferred to Special Reserves	5	5	5	5
Balance carried to Balance Sheet	1,359	1,964	1,384	1,982

2. COMPANY PERFORMANCE

On a standalone basis:

- During the year under review, decline in revenue is attributed to some of the segments where segmental decline contributed to overall decline. The SCM segment for both of its subsegments, Vendor Management Inventory (VMI) and Cross Border Trade Facilitation (CBT), was impacted at a gross revenue level due to reduced flows in commodities as well as constraints on availability of working capital. Collateral Management was affected due to reduced activity by banks for credit growth of warehouse receipt finance as well our much-enhanced risk control protocols resulting in degrowth of assets under management (AUM). Both businesses had an impact on cross-segment revenue in storage business as well, which is partly compensated off through better utilization of leased and project warehouses and increased rate realization. Storage business had an impact of reduced inflows, largely in the second half due to poor kharif crop. Testing & Certification got adversely impacted in Q4 Feb/March due to COVID-19 pandemic. Amidst all this, our weather intelligence business did better than last year.
- Net Profit of the Company is impacted due to structural changes in Collateral Management business operations and discontinuation of new business activity in high risk geographies, decline in overall revenue stream, and one time impact of the following; impairment of investments and provisions for litigation matters.
- This financial year has been a period of transformation through change in leadership and associated transformations in businesses where management decided to take one time provisions in the books amounting to INR 651 million, which is all Non-cash and is attributed to:
 - Surrendering of 3 Silo locations back to FCI on account of concerns in land acquisition and unresolvable issues in approval from Indian railways. This has led to an impairment of INR 324 million.

- Collateral Management business: Provisions are taken on the basis of prudence amounting to INR 119 million and the same has been adjusted from receivables from prior years
- One time loss in trade inventory of Castor: Amounting to INR 150 million and commodity trading segment is discontinued.
- Non recoverable values are identified from old receivables and have been provided for during the year amounting to INR 58 million.

On a consolidated basis:

- During the year under review, Revenue from operations decreased by 33% to Rs.8,926 Million.
- Decline in revenue is attributed to few of the segments having a reduction in the revenue stream, primarily in; SCM both VMI and CBT businesses were impacted at a gross revenue level due to funds constraints and reduced inflows also impacted; CM was affected due to risk control protocols and reduced AUM's. Both businesses had impacted cross-segment revenue in S&P as well, which is partly netted off from augmentation of better utilisation of leased and project warehouses and higher rate realisation. S&P also had the impact of reduced inflows, largely in the second half due to poor rabi crop. Testing & Certification got adversely impacted in Q4 February/March due to COVID-19 pandemic.
- Furthermore, Mktyard reduction is attributed to lower GMV's and Testing & Certification got impacted in Q4 due to COVID-19 pandemic.
- Amidst this, our Weather Intelligence business and NCML Finance did better on LAP product/ MPSL vs last year.
- Net Profit of the Company also was impacted due to discontinuation of CM operations at high-risk locations, decline in overall revenue stream, impairment of investments and provisions for litigation matters, however with NCML Finance business staying PBT positive.

3. DIVIDEND

Your Directors do not recommend any dividend during the Year under review.

4. RESERVES

Rupees 5 million have been transferred towards Special Reserve. Given contingencies, that may arise due to the peculiar nature of the Company's business, a sum of Rs. 5 million (31st Mar 2019: Rs. 5 million) have been transferred from the surplus in the statement of profit and loss to Special Reserve. The balance as on 31st Mar 2020 is Rs 42.5 million (31st Mar 2019: Rs. 37.5 million).

5. BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIRS

1. Storage and Preservation

The segment has witnessed an increase in average utilisation of leased and project warehouses (WHs) by 10% and 8% respectively. The segment also saw an increase in annual storage rate realization by about 10% in Leased WHs. To ensure revenue generation and continuity of business in the locations, we executed the right mix of cost to revenue ratio for each WH. The strategic reduction in rentals, exit from less potential WHs to manage associated manpower & operational cost significantly increased operational space in the revenue sharing model. Our association with Government and State agencies like CWC, FCI, CCI, MPWLC etc. in different states ensured optimum space utilisation of project warehouses with positive contribution to the revenue and PBT.

We enhanced customer service quality and experience by focusing on strengthening client relationship and ensuring adherence to Standard Operating Procedures as per Quality Management System in Warehousing Operations.

Prolonged rain in the latter part of September and October adversely affected the Quality and Quantity of Kharif crops like Soybean, Groundnut, Cotton, etc., which resulted in lower deposits. Higher withdrawals were witnessed due to significant mismatch in demand and supply of commodities. Uncertainty in global Cotton Scenario forced major private players and corporates to remain cautious in the stocking of Cotton bales. Thus, majority of cotton location project WHs were given to Cotton Corporation of India (CCI) on storage space (Per Bale) basis, where the utilisation was higher however realisation per bale was lower as compared to retail or corporate clients.

Overall unfavorable commodity movements due to domestic and global scenarios in later part of FY affected commodity arrivals in Exchange and Non-Exchange WHs. However, the revenue has been muted in the year due to cross-segment revenues charging from SCM and CM segments. Reduction in the year's revenue is partly attributed with the Covid impact coming in Q4, primarily in March 2020, aside, strategic planning and conscious decision-making have been the focus areas to reduce cost in challenging times, which resulted in containing expenses within reasonable limits.

2. Collateral Management

The increased stress in banking and financial industry with tightened liquidity conditions led to avoidance of disbursements under warehouse receipt finance by many partner banks which led to an overall reduction in market size of collateralized WHR finance. Due to continued external challenges, the collateral management segment continued to focus on adherence to revised Operational Controls and Risk Management Protocols, to reduce overall exposure to riskier and operationally challenging locations. Accordingly, the segment also moved out of some assignments in borrower godowns and private licensed warehouses where the revised controls could not be adhered to, resulting in the rationalization of manpower deployed. Location-wise profitability exercise was carried out, and in the process, clusters were restructured through merger or closure of non-viable clusters. The latest available technology was extensively put to use for ensuring efficiency and discipline of the widely dispersed field staff. The segment was also able to set a minimum service fee while accepting assignments belonging to bulk processors.

The company actively engaged with various stakeholders for arriving at consensus amongst industry players on various issues being faced by the collateral managers. The industry players came together and formed "Agri Warehousing Service Providers Association (AWSPA) with an Ex. NCMLite appointed as Association's first MD & CEO.

With a conscious reduction in non-viable assignments, the average assets under management (AUM) during the year worked out to Rs. 59 billion, compared to Rs. 95 billion during 2018-19. The AUM at the end of the year touched a level of Rs. 57 billion vis-à-vis Rs. 80 billion at the end of the previous year, which resulted in a decline in an overall revenue stream for the segment.

3. Supply Chain Management

Supply chain management (SCM) focused majorly on the existing clients while protecting the profit margin due to domestic credit squeeze by banks in this financial year. The domestic business segment (VMI) has expanded its range of products by including sesame, pearl millet

and cottonseed oilcake into its array of focused commodity portfolio. We successfully closed government procurement activity in Jharkhand with appreciation at the central and state government level. Based on timely liquidation and exit decisions, the segment was able to nullify its exposure without any liabilities, even in the extreme COVID-19 situation at the near-end of the financial year.

Cross border trade has its bit of challenges in the form of global bearishness in the commodity markets. The segment responded to the difficulties with market-oriented products by focusing on exploring fixed-price supply-side origination strategies for the institutional consumer of edible oils in India. CBT segment attained due recognition in the space of international structured transactions. As we advance, adding NCML amongst the global supply chain players to further expand through business tie-ups with Fairfax invested companies, i.e. AGT and Astarte, for both export and import assignments.

4. Testing & Certification

The best part of the year was that the segment capitalized on its capabilities by enhancing the scope of testing of antibiotics and food additives at Gurgaon and Vizag lab and have entered into the premium league of accredited food testing laboratories. Notably, our FSSAI recognised Mumbai laboratory has been able to source a good number of import samples due to its geographical location of being close to the port. All these efforts will help in beating the seasonality in the business. It will also benefit the testing division in improving per sample margin and in turn, growth is likely to be assured per se revenues in the coming times/quarters.

The division has started to capitalise on NCML's recognition as an approved R&D facility by the Department of Scientific and Industrial Research under the Ministry of Science and Technology, GoI. Going forward, efforts would be made to seek R&D projects from commercial and government organizations. The department is currently approved to conduct FOSTAC training to various FBOs as per FSSAI guidelines and has also undertaken training in food safety in partnership with FSSAI. This is a good leap in the direction of making central laboratory at Hyderabad as 'Centre of Excellence' for Research and Training.

This year T&C division added a new category of clients of modern trade, including Amazon, Big basket, cloud tail, Zomato to provide comprehensive services of quality surveillance and quality testing. It is expected to generate good business volume for the segment in the days to come.

T&C division has been branched into two SBU's Food testing and Agri-testing to have greater focus on the clients of both the sections. It is thus paving a way to cater the clients of Agriculture and Food Value Chain encompassing agriculture input manufacturers, food business operators to exporters in a better manner. Reduction in the year's revenue is partly attributed to the COVID impact in Q4, Feb/Mar 2020

5. Weather & Market Intelligence

During the year under review, utilisation of Automatic Weather Stations (AWS) remained at 88%, 108 weather stations were installed in Uttar Pradesh taking the total tally to 3284 weather stations for the year-end. As part of our strategy to focus more on government tenders, we won 120 AWS tender in Telangana. The division also diversified in Hydrology space and won the National Hydrology Project (NHP) tender in Telangana.

Our technology-based crop risk monitoring initiated during the last year for crop insurance sector has been augmented in the current year covering 250 districts in 13 states. The division

was awarded a prestigious project on Gram Panchayat (GP) level yield forecasting for MNCFC (Mahanoblis National Crop Forecasting Centre) by Ministry of Agriculture in 3 states, 7 districts covering 9 crops. With the help of our mobile application, we monitored 21,178 CCEM (Crop Cutting Experiment Monitoring) in 5 states, including 18 districts.

The division has also diversified into the commodity sector by providing technology-based crop production forecasting and price risk consulting. During last year we did forecasting for Soybean, Kharif Maize, Paddy (basmati), Mustard and Rabi maize on Pan India basis. We also won the Market price intelligence project from the Government of Arunachal Pradesh for 3 years. Additionally, to strengthen our consulting services, we have signed an agreement with NIAM (National Institute of Agricultural Marketing).

The division has added 15 new clients from reinsurance, commodity, trade associations and government sectors in 2019-20. During last year we have initiated Non-AWS consulting business in the new company NCML Agri Business Consultants Pvt Ltd (AGCON). Structure for transferring existing CWIG business from NCML to new company AGCON is under process.

6. **Research and Development**

The Research & Development department of NCML has obtained recognition from the Department of Scientific and Industrial Research (DSIR) under Ministry of Science and Technology, Government of India. It will allow NCML to submit research proposals to Government funding agencies such as Department of Science and Technology (DST), Department of Biotechnology (DBT), Biotechnology Industry Research Assistance Council (BIRAC) etc. The company will also be eligible for tax benefits for expenses incurred under the R&D department.

NCML-R&D has been working internally on analytical method development and data analysis in the field of food safety testing. For crop and weather testing, we are working on developing weather parameter-based algorithms for yield prediction, using crop signatures for crop acreage estimation and studying of indirect indices for crop yield estimation.

NCML-R&D is committed seeking research projects. The department has submitted proposals in collaboration with various national and international collaborators such as International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), India; Small Industries Development Organization (SIDO), Tanzania; eProd Solutions, Kenya; Hone Global, Australia; Industrial Technology Institute (ITI), Sri Lanka, Green Hills Trust, India and more.

The department has submitted proposals to the National Mission on Himalayan Studies (NMHS), Government of India; DANIDA Market Development Partnerships, Ministry of Foreign Affairs of Denmark; Bajaj Electricals Limited, India; International Cooperation Division (ICD) and International Bilateral Division of DST, GoI and Malaysia based Roundtable on Sustainable Palm Oil (RSPO).

During the last financial year the department presented its research work in the form of oral and poster presentations at various national and international fora such as Asia Regional Workshop on **Fall Armyworm Management**, Hyderabad; 5th International Conference on Plant Genetics and Genomics, New Delhi; XIX International Plant Protection Congress, Hyderabad; National Agricultural Higher Education Project (NAHEP), Navsari; National Conference on Geospatial Technologies in Agriculture, Hyderabad; 7th AOAC - India Annual Conference, New Delhi. Besides, this, a peer-reviewed article on "*Yield losses in maize (Zea mays) due to fall armyworm infestation and potential IoT-based interventions for its control*" has also been published.

The R&D department has also conducted a training program on skill development of 40 personnel from 16 African nations as part of "Development of Analytical skills for setting up Food Testing Laboratories" under the India Africa Forum Summit – III. As a part of our association, members of the R&D team were invited as speakers at various events and also chaired in panel discussions.

7. NCML Finance

NCML Finance Pvt. Ltd. (Nfin), the finance arm and 100% subsidiary of NCML, achieved a loan book of Rs. 1.58 billion by the end of the year vis-à-vis Rs. 2.86 billion as at the end of the previous year. The muted YoY growth in the loan book was mainly due to the severe credit freeze imposed by the banking sector on the non-banking finance companies and the impact of COVID-19. Business came to a near standstill due to the Pandemic related lock-downs in the crucial year end months Q4.

In the midst of down-scaling in the Loan Book, there had been a continuous focus on adding more stable banks in the portfolio, retiring higher-cost debts to lower the borrowing cost, trying for a lower security cover with the new onboarding process and care was taken to ensure that the asset quality remained stable with no significant additions to NPAs.

In the course of building the loan book in the Kharif season, margins came under pressure following competition from other financial institutions. However, a conscious decision was taken to grow the loan book even if it entailed reduced margins. The momentum in the loan book expansion however suffered, starting February 2020 in the wake of above developments and where COVID-19 washed off the whole of March month.

With some easing of credit curbs on the horizon, following the rate cuts by RBI and with subsequent injecting money to ease liquidity constraints in the banking system, we believe that Nfin would regain its momentum in the coming quarters. We would be able to manage the operating costs of the business better.

8. MktYard.com

During the year under review, MktYard.com revenues and GMV dropped significantly, due to reductions in bank-led NPA auctions, which reduced drastically as the WRF (Warehouse Receipt Finance) market shrunk by more than 50%, and banks considerably tightened up credit lines.

MktYard.com generated Rs. 1.2 billion of e-Auction Gross Merchandise Value (GMV) as compared to Rs. 2.6 billion during the previous year. The split of this is INR 1.1 Billion from Agri e-auctions and INR 0.1 Billion from non-Agri e-auctions, which was a new field that MktYard.com successfully diversified into this past year. Despite the reduction in GMV, the consequent reduction in net revenue was not as much, due to the average fee percentage earning from the auctions going up. Net revenues for the year FY 19-20 were at INR 81 Lakhs, down from INR 1.14 Crores of FY 18-19.

Even as the category contributed 90% plus to its GMV and revenue, contract so drastically in FY19-20, the team successfully managed to reduce the impact by increasing the GMV and revenue from other avenues such as private e-auctions, order matching, non-Agri and even reverse auctions for government agency procurement needs.

MktYard added another 3 state marketing agencies in its kitty and is now working with a total of 8 different state marketing federations and civil supplies departments for conducting government auctions. The non-Agri segment foray has seen success with annual contracts for

scrap and excess inventory sale via e-auctions being signed by over five major manufacturing firms.

9. **FCI Silo Project**

As at the end of March 2020, the Company is carrying contracts from FCI for setting up silo complexes at 13 locations, spread across the four states including UP, Punjab, Haryana and Bihar. As mentioned in our last report, for 11 locations, the contract was to set up silo complexes with a railway siding, on Design, Build, Finance, Own and Operate (DBFOO) basis. The contract at the remaining 2 locations (Buxar and Kaimur) was to set up silo complexes without railway siding, on Design, Build, Finance, Own and Transfer (DBFOT) basis.

In addition to this, NCML got 3 more locations of 50,000 MT each in the State of Bihar under DBFOO basis where Silo storage is required with railway sidings taking total storage area to 0.80 Million MT.

The mandatory land purchase as per FCI requirements has been completed at 8 locations under DBFOO and 2 locations under DBFOT basis. NCML has also sent termination letter to FCI to terminate 3 locations from the first 11 project locations while invoking Force Majeure clause/terms of the agreement. FCI has also sent termination letters to terminate the agreement while mentioning the fault of NCML. Thereafter the Parties had a meeting to agree on mutual termination of the agreement so that the interest of both the parties could be secured and to avoid any litigation on this. The discussion is still under process.

We've made considerable efforts in getting desired land area for the 3 new locations in the State of Bihar that we executed Concession Agreement (CA) last year. However, the same was delayed due to Force Majeure reasons like flood and the recent COVID-19 pandemic and intimation w.r.t. the same was sent to FCI. It is pertinent to mention here that given the railway siding is mandated in the majority of the silo contracts bagged by the Company, additional land is required to be purchased at some locations based on the specific requirements by Railways. Also, some additional land is needed to access roads at some locations.

As reported earlier, NCML has started construction activity at 5 locations under DBFOO basis and has planned to deliver the project in FY-2020-21. For Kaimur and Buxar location, the desired land parcels were procured and transferred to FCI as per the concession agreement but at the purchased price mentioned in the sale deed between NCML and land aggregator. The construction activities in the 4 locations progressed (KB, Chehretta and Basti), and we plan to deliver 3 projects of Bhattu, Sonepat and Batala locations in Q3/Q4 of FY 2020-21.

The combined silo storage capacity that would be thus set by NCML for FCI under Public Private Partnership would be 0.80 million MT. However, the same shall be reduced to 0.65 million MT if FCI accepts our requests for termination of 3 locations, as mentioned above.

Additional land of 36 acres has been purchased at 5 of the 11 original locations (where silo complexes are being set up on DBFOO basis) to explore the potential for Private Freight Terminal (PFT) business. It was also decided that SPVs shall transfer excess land to the tune of 39 acres to NCML at all locations under DBFOO basis after the finalization of Layout Plan (LOP) of the corresponding locations. The additional land shall be monetised in future depending on the prevailing local conditions.

We have sent termination letter to FCI to terminate the agreement of NCML Varanasi, NCML Bettiah and NCML Palwal while invoking the Force Majeure clause/terms of the agreement. FCI has also sent termination letters to terminate the agreement while mentioning the fault of NCML. Thereafter the Parties had a meeting to agree on mutual termination of the agreement

so that the interest of both the parties could be secured and to avoid any litigation on this. The discussion is still under process.

10. IT and Computerization

The vision of the NCML Information Technology is to provide best IT support, governance, network, infrastructure, cutting edge applications, and data security in alignment with the business strategy across all the entities. Here are a few accomplishments of IT as follows:

1. **Re-Implemented 'Compliance Monitoring System (CMS)'** software applications for NCML and its subsidiaries to maintain legal compliance and internal financial controls. The CMS application will help the Company in managing the same.
2. **Technology upgrade of ERP system:** NCML ERP is an in-house developed software in VB6 old Microsoft Client/Server based technology. We have migrated all our ERP applications including StoreMan, CMPro and HRPro to the latest Microsoft Azure cloud platform on January 2020 under which we can scale out / scale in with computerised resources automatically as per the application resources demand.
3. **Implemented e-CAR** - Earlier NCML had a unique and distinctive process of generating and issuing commodity arrival reports (CAR) / Storage receipts (SR) / Warehouse receipts (WHR). With e.CAR each document will have a reference number and printed on a unique pre-printed format with a uniquely numbered hologram which is affixed and signed by an authorized signatory. The soft copy is sent to the concerned bank branch via authorized email ID to the designated email address of the bank registered with NCML. The original hard copy is sent/couriered to the respective bank branch through designated courier agencies.

Post digitization of e-CAR new process is as follows:

- a. To overcome fixing hologram, signing of hard copy and sending scan copy to bank/branches, we implemented the process of allowing digital signature application on SR/CAR/WHR.
- b. On Print instead of asking for hologram, it will be emailed to the person holding authority for digital signature.
- c. After applying the digital signature, an authorized person will manually upload digitally signed pdf in CMPro.
- d. Once pdf is uploaded, the SR team will fetch the report to verify PDF is signed correctly, and if found ok can select and send it to the bank.

6. CHANGE IN THE NATURE OF BUSINESS, IF ANY

No Changes have occurred in the Nature of the Business of the Company, during the Year under Review. Further there has been no change in the nature of business of its subsidiaries.

7. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There was no material change affecting the financial position of the Company between the date of Balance Sheet and the date of this Report.

8. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no Material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

9. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES AND FINANCIAL PERFORMANCE THEREOF

As on 31st March 2020, your Company had 18 wholly owned subsidiaries. The particulars of subsidiary companies as on March 31, 2020 have been included in Form MGT-9 which is annexed to this report as Annexure A.

Further, a statement containing the salient features of the financial statements of our subsidiaries in the prescribed format AOC-1 forms part of the Annual Report.

During the financial year, your Company invested an aggregate of 30 million in its subsidiaries. Apart from this, your Company funded its subsidiaries, from time to time, as per the fund requirements, through loans, guarantees and other means to meet working capital requirements.

10. DEPOSITS

During the financial year 2019-20, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

11. STATUTORY AUDITORS AND THEIR REPORT

At the last Annual General Meeting of the Company, M/s. B S R & Co. LLP, Chartered Accountants (FRN: 101248W/ W-100022) were appointed as the Auditors to hold office till the conclusion of the ensuing Annual General Meeting.

It is proposed to appoint M/s. Walker Chandiok & Co LLP Chartered Accountants (FRN: 001076N/N500013), as the statutory auditors for a period of five years in respect of the FY 2020-21 to FY 2024-25). Your Company has received written consent and a certificate stating the proposed appointee satisfy the criteria provided under Section 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and that the appointment, if made, shall be in accordance with the applicable provisions of the Companies Act, 2013 and rules issued thereunder. The Audit Committee and the Board of Directors recommend the appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants as the Auditors of your Company in the ensuing Annual General Meeting.

The Auditors' Report for the financial year 2019-20, does not contain any qualification, observation, or adverse remarks and accordingly no comments required by your Board of Directors on the same.

12. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s Ravi Shankar & Associates, Practising Company Secretary, (CP

No: 18568) to undertake the Secretarial Audit of the Company for the year ended 31st March 2020.

The Auditors' Report and the Secretarial Audit Report for the financial year ended 31st March 2020 do not contain any qualification, reservation, adverse remark or disclaimer and are self-explanatory. The Secretarial Audit Report is enclosed and marked as Annexure B to this report.

13. COST AUDITOR

Since the Company is engaged in providing warehousing services and rendering of such services are not covered under the Notification dated 31st December 2014 issued by the Central Government to amend the Companies (Cost Records and Audit) Rules, 2014, no Cost Auditor has been appointed by the Company.

In terms with the provisions of section 148 of the Companies act, 2013 read with the Companies (Cost records and audit) Rules 2014, maintenance of cost records and appointment of Cost Auditors are not applicable on your Company.

14. CORPORATE GOVERNANCE

The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through its transparent practices and processes. The Company is accountable to its customers, government, regulatory authorities and other stakeholders. The Company's activities are carried out in accordance with good corporate governance practices and are constantly striving towards enhancing our Corporate Governance Framework. The Company believes that good Corporate Governance practices enable the Board and the Management to direct and control the affairs of the Company in an efficient manner thereby helping the Company to achieve its goal and benefit the interest of all its stakeholders.

15. SHARE CAPITAL

A) Increase in Share Capital

During the year under review, the Company issued and allotted 42,000 equity shares pursuant to the exercise of stock options under NCML-ESOP 2014. Subsequent to the allotment, the issued, subscribed and paid-up share capital of the Company stands increased to Rs. 147,41,17,360/- divided into 14,74,11,736 equity shares of face value of Rs. 10/- each.

B) Issue of equity shares with differential rights

No Equity Shares with differential rights were issued during the Year under Review.

C) Issue of sweat equity shares

No Sweat Equity Shares were issued during the Year under Review.

D) Issue of Employee Stock Options

The Company believes that its success is largely determined by the quality of its workforce and their commitment towards achieving the goals of the Company. In order to enable the employees of the Company to participate in the future growth and success of the Company, the Company had in place "NCML- ESOP 2016".

In terms of Section 62 of the Act read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, the disclosures for FY ended on 31st March 2020 is annexed in Annexure C to this report.

E) Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees

Not Applicable

F) Debentures

Compulsorily Convertible Debentures

The Company issued and allotted 10,02,74,482 (Ten Crores Two Lakhs Seventy Four Thousand Four Hundred and Eighty Two only) Compulsorily Convertible Debentures (“CCDs”) of a face value of Rs. 10/- each issued at par (i.e. at an issue price of Rs. 10/- per CCD) aggregating to Rs. 100,27,44,820/- to FIH Mauritius Investments Limited on Rights issue Basis on 1st October 2019.

Non-Convertible Debentures

The Company issued and allotted secured, rated, listed, redeemable, non-convertible debentures bearing a face value of 10,00,000 (Rupees Ten lakhs only) each aggregating to upto INR 320 crore to Dutch Government Development Agency, Nederlandse Financierings-Maatschappij voor Ontwikkelingsland N.V on 18th March 2020 which is listed on BSE w.e.f. 27th March 2020.

16. EXTRACT OF THE ANNUAL RETURN

Pursuant to Section 92 (3) of the Companies Act and Rule 12 (1) of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in form MGT 9 is annexed as Annexure A.

17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As the Company does not have any Manufacturing activities, disclosure of Information in accordance with the provisions of the Act regarding Conservation of Energy and Technology absorption is not applicable to the Company. However, the Company has fully made use of the latest available technology in building its operational systems.

Foreign Exchange Earnings and Outgo:

Amount (In Rs million)

Total Foreign Exchange Inflow	0.07
Total Foreign Exchange outflow	2105

18. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has a duly constituted CSR Committee, with its composition, quorum, powers, role and scope in line with the Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Annual Report on CSR activities is attached as Annexure D to this report.

The Company could not spend entire two percent of average net profits of the last three financial years. Out of the sanctioned amounts, some of the CSR works are ongoing or are under implementation. The Company is making efforts to identify the projects/programmes for spending the unspent CSR funds. All unspent CSR funds of the previous year (s) are carried forward for spending on CSR activities.

The CSR Policy is uploaded on the website of the Company at <https://www.ncml.com/CORPORATE-POLICIES>.

19. DIRECTORS

(A) Changes in Directors and Key Managerial Personnel

Appointments and Cessation of Directors:

During the year under review, Mr. Sanjay Kaul ceased to be MD & CEO of the Company and Mr. Siraj A. Chaudhry was appointed as the new MD & CEO of the Company w.e.f. 24th Sept 2019 for a period of 5 years.

Mr. Sanjay Kaul was appointed as the Chairman of the Board w.e.f. 24th September 2019 in place of Mr. SB Mathur. Mr. SB Mathur is continuing as Independent Director of the Company.

Mr. Unupom Kausik was reappointed as the Whole Time Director of the Company w.e.f. 27th March 2020 for a period of 3 years.

In accordance with the provisions of the Companies Act, 2013, Mr. Chandran Ratnaswami (DIN: 00109215) shall retire by rotation at the Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Appointments and Cessation of KMP:

During the year under review, Mr. Ashok Dhamankar, resigned from the post of Group Chief Financial Officer w.e.f. 17th July 2019 and Mr. Sanjay Khare resigned from the post of Head-Legal and Company Secretary w.e.f. 31st July 2019.

Mr. Anuj Kumar Vasdev was appointed as the Group Chief Financial Officer w.e.f. 28th February 2020 and Ms. Priya Vaishnav was appointed as the Company Secretary w.e.f. 7th August 2019.

(B) Declaration by an Independent Director(s) and re- appointment, if any

The Company has received declaration from independent directors pursuant to the provisions of Section 149 sub-section (6) of the Companies Act, 2013.

(C) Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013, a company shall have at least one Woman Director on the Board of the Company. The Company has Ms. Zohra Chatterji, as a Director on the Board.

(D) Annual Evaluation of Board Performance and Performance of its Committee and of individual Directors:

Pursuant to the provisions of the Companies Act, 2013 the company has adopted a Board Evaluation policy which forms integral part of Nomination and remuneration Policy. The Board has carried out evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees. The Independent Directors of the Company held a separate meeting on 28.02.2020 without the attendance of non-independent Directors and members of management. At the said meeting, they reviewed the performance of non-independent Directors and the Board as a whole, including the Chairman of the Company.

20. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors of the Company had met 5 times during the year under review:

Date of the meeting	No. of Directors attended the meeting
15/05/2019	7
07/08/2019	7
06/09/2019	7
06/11/2019	8
28/02/2020	8

The Composition and attendance of the Board members is given below:

Name of Director	Number of Meetings held during the year	Number of Meetings attended
Mr. S. B. Mathur	5	5
Mr. Chandran Ratnaswami	5	5
Mr. Sumit Maheshwari	5	5
Ms. Zohra Chatterji	5	5
Mr. Sanjay Kaul,	5	5
Mr. Unupom Kausik	5	5
Mr. Pravir Vohra	5	5
Mr. Siraj A. Chaudhry	5	2*

*Siraj A. Chaudhry was appointed as MD & CEO w.e.f 24th September 2019

21. COMMITTEES OF THE BOARD

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority. The following Committees constituted by the Board function according to their respective roles and defined scope:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee

AUDIT COMMITTEE

Composition of Audit Committee

Name of Member	Nature
Mr. Pravir Vohra	Chairman
Ms. Zohra Chatterji	Member
Mr. Sumit Maheshwari	Member

Details of attendance

Two Audit Committee meetings were held during the year under review on 15th May 2019 and 6th November 2019. The details of attendance of the Directors at the Audit Committee meetings are as under –

Name of Director	Number of Meetings held during the year	Number of meetings attended
Mr. Pravir Vohra	2	2
Ms. Zohra Chatterji	2	2
Mr. Sumit Maheshwari	2	2

Scope of Audit Committee

- a) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- b) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- c) Examination of the financial statement and the auditors' report thereon;
- d) Approval or any subsequent modification of transactions of the Company with related parties;
- e) Scrutiny of inter-corporate loans and investments;
- f) Valuation of undertakings or assets of the Company, wherever it is necessary;
- g) Evaluation of internal financial controls and risk management systems.

During the year all the recommendations of the Audit Committee were accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE

Composition of Nomination and Remuneration Committee

Name of Member	Nature
Mr. Chandran Ratnaswami	Chairman
Mr. S. B. Mathur	Member
Mr. Sumit Maheshwari	Member
Ms. Zohra Chatterji	Member

Details of attendance

Three meetings of the Nomination and Remuneration Committee were held during the year under review on 7th August 2019, 6th September 2019 and 6th November 2019. The details of attendance of the Directors at the Nomination and Remuneration Committee meeting are as under –

Name of Director	Number of Meetings held during the year	Number of meetings attended
Mr. Chandran Ratnaswami	3	3
Mr. S. B. Mathur	3	3
Mr. Sumit Maheshwari	3	3
Ms. Zohra Chatterji	3	3

Scope of Nomination and Remuneration Committee

The Nomination and Remuneration Committee inter alia, identifies persons qualified to become Directors and formulates criteria for evaluation of performance of the Directors and the Board as a whole. The Committee's role also includes recommending to the Board the appointment, remuneration and removal of Directors. This Committee also has the responsibility for administering the Employee Stock Option Schemes of the Company.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition of Corporate Social Responsibility Committee

Name of Member	Nature
Ms. Zohra Chatterji	Chairperson
Mr. Sumit Maheshwari	Member
Mr. Pravir Vohra	Member

Details of attendance

One meeting of the Corporate Social Responsibility Committee was held during the year under review on 15th May 2019. The details of attendance of the Directors at the Corporate Social Responsibility Committee meeting are as under –

Name of Director	Number of Meetings held during the year	Number of meetings attended
Ms. Zohra Chatterji	1	1
Mr. Sumit Maheshwari	1	1
Mr. Pravir Vohra	1	1

22. THE REMUNERATION POLICY, DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES

In terms of Section 178 of the Act, the Board have adopted a 'Nomination and Remuneration Policy' inter-alia setting out the criteria for deciding remuneration of Executive Directors, Non-Executive Directors, Senior Management Personnel and other Employees of the Company. The aforesaid Policy is hosted on the website of the Company and can be viewed at <https://www.ncml.com/CORPORATE-POLICIES>

In terms of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the disclosures with respect to the remuneration of Directors, Key Managerial Personnel and Employees of the Company have been provided in Annexure E to this report.

23. DISCLOSURE OF COMMISSION PAID TO MANAGING OR WHOLE TIME DIRECTORS

There is no commission paid or payable by your company to the managing director or the whole-time director.

24. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

Pursuant to Section 177(9) of the Companies Act, 2013 and listing regulations, the Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides adequate safeguards against victimisation of employees who avail of the mechanism and also provides direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

The details of the policy is also available at <https://www.ncml.com/wbp>.

25. POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company stands and upheld zero tolerance for sexual harassment at the workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has also constituted an Internal Complaints Committee, to inquire into complaints of sexual harassment and recommend appropriate action.

The Company has not received any complaint of sexual harassment during the financial year 2019-20.

Disclosure:

Number of complaints of sexual harassment received in the year	NIL
Number of complaints disposed off during the year	NIL
Number of cases pending for more than ninety days	NIL
Number of workshops or awareness programme against sexual harassment carried out	NIL
Nature of action taken by the employer or District Officer	NIL

26. STOCK EXCHANGE LISTING

The Secured Non-Convertible Debentures of the Company is listed at BSE Limited (BSE). The listing fee for the financial year 2020-21 has been paid to BSE.

27. DISCLOSURE IN TERMS OF SEBI CIRCULAR NO. SEBI/HO/DDHS/CIR/P/2018/144 DATED NOVEMBER 26, 2018 - FUND RAISING BY ISSUANCE OF DEBT SECURITIES BY LARGE ENTITIES

In this regard it is declared that your Company do not fulfil the criteria mentioned the said circular, and thus the Company is 'not identified as Large Corporate (LC)' and accordingly, no further disclosure is required in terms of said SEBI Circular.

28. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

Pursuant to section 186 of Companies Act, 2013, disclosure on particulars relating to loans, advances, guarantees and investments are provided as part of the financial statements.

29. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year ended 31st March 2020 were on an arm's length basis and were in the ordinary course of business. However, the disclosure of transactions with related party for the year, as per Ind AS 24 Related Party Disclosures is given in notes to accounts of the Financial Statement as at 31st March 2020.

Particulars of contract or arrangements with related parties referred to in Section 188 (1) in Form AOC-2 has been annexed as Annexure F.

Disclosure for Related Party Transactions in terms of as per of Regulation 53 read with Schedule V of the SEBI (LODR) Regulation, 2015, in line with the applicable accounting standard is part of the audited financial statements.

30. RISK MANAGEMENT POLICY

The Company has in place an enterprise wide policy known as "NCML Enterprise Risk Management Policy (NERM)" which puts in place a mechanism to identify, assess, monitor and mitigate various risks associated with the business of the Company. The NERM guidelines are devised in the context of the profiles of various business segments envisaged, future growth objectives and new business endeavors including new products and services that may be necessary to achieve these goals and the emerging standards and best practices amongst comparable organisations.

31. INTERNAL CONTROL/INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place adequate internal financial controls with reference to the financial statements. During the year under review, such controls were tested by the Statutory Auditors of the Company and no material weaknesses in the design or operations were observed and reported by the Statutory Auditors.

In terms of section 138 of the Companies Act, 2013, M/s. Deloitte Haskins & Sales, Chartered Accountants, Chartered Accountants has been appointed as the Internal Auditors of your Company. The Company also has an Audit Committee, who interacts with the Statutory Auditors, Internal Auditors and Management in dealing with matters within its terms of reference.

32. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, confirms that—

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had devised proper systems for internal financial control to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

33. ACKNOWLEDGEMENTS

The Directors express their sincere thanks to Banks, Corporates, and Shareholders for their continued patronage.

The Directors would also like to express their appreciation for the support provided by the Company's clients, especially the large number of banks, warehouse owners, insurance companies, depository organisations, Exchange participants and various partners in each of the business segments.

The Directors further express their appreciation for the outstanding professionalism and commitment exhibited by the Company's employees and consultants. Finally, the Directors wish to express their acknowledgement for the continued encouragement and support received from the shareholders and investors.

For and on behalf of the Board of Directors
National Collateral Management Services Limited

Place: Gurgaon
Date: 25.08.2020

Siraj A. Chaudhry
Managing Director &
Chief Executive Officer
DIN: 00161853

Unupom Kausik
Director
DIN: 01978970

Annexure A

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31st March 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

I.	CIN	U74140MH2004PLC148859
II.	Registration Date	28/09/2004
III.	Name of the Company	National Collateral Management Services Limited
IV.	Category/Sub-Category of the Company	Company limited by shares
V.	Address of the registered office and contact details	Lodha Supremus, 5 th Floor, Off Jvlr Kanjurmarg (East), Mumbai -400042
VI.	Whether listed company	Yes (NCD of the Company is listed at BSE. Equity shares and CCD issued by the Company is unlisted)
VII.	Name, Address and Contact details of Registrar and Transfer Agent, if any:	Link Intime India Pvt. Ltd. No. C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Road, Bhandup (W), Mumbai 400 078 Phone: +91 22 25963838; Fax: +91 22 25946979

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

SN	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Warehousing of Agri Commodities and allied services	52102	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES – 18 Wholly owned subsidiaries of National Collateral Management Services Limited

SN	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	FIH Mauritius Investments Ltd, Level 1, Maeva Tower, Silicon Avenue Cyber City, Ebene 72201, Republic of Mauritius	NA	Holding	89.51%	Section 2(46)
2	NCML Finance Private Limited, Lodha Supremus, 05 th Floor, Unit Nos. 505-509, Off JVLR, Kanjurmarg (East), Mumbai 400042	U67190MH2009PTC191081	Subsidiary	100%	Section 2(87)
3	NCML MktYard Private Limited, IFFCO Tower-1, B-wing, 5th Floor, Plot No. 3, Sector -29, Gurgaon-122001	U51901HR2017PTC067265	Subsidiary	100%	Section 2(87)

4	NCML Basti Private Limited, IFFCO Tower-1, B-wing, 5th Floor, Plot No. 3, Sector -29, Gurgaon-122001	U01100HR2017PTC067139	Subsidiary	100%	Section 2(87)
5	NCML Varanasi Private Limited, IFFCO Tower-1, B-wing, 5th Floor, Plot No. 3, Sector -29, Gurgaon-122001	U01114HR2017PTC067122	Subsidiary	100%	Section 2(87)
6	NCML Faizabad Private Limited, IFFCO Tower-1, B-wing, 5th Floor, Plot No. 3, Sector -29, Gurgaon-122001	U01100HR2017PTC067123	Subsidiary	100%	Section 2(87)
7	NCML Batala Private Limited, IFFCO Tower-1, B-wing, 5th Floor, Plot No. 3, Sector -29, Gurgaon-122001	U01114HR2017PTC067125	Subsidiary	100%	Section 2(87)
8	NCML Chhehreatta Private Limited, IFFCO Tower-1, B-wing, 5th Floor, Plot No. 3, Sector -29, Gurgaon-122001	U01110HR2017PTC067124	Subsidiary	100%	Section 2(87)
9	NCML Deoria Private Limited, IFFCO Tower-1, B-wing, 5th Floor, Plot No. 3, Sector -29, Gurgaon-122001	U01114HR2017PTC067155	Subsidiary	100%	Section 2(87)
10	NCML Palwal Private Limited, IFFCO Tower-1, B-wing, 5th Floor, Plot No. 3, Sector -29, Gurgaon-122001	U01100HR2017PTC067169	Subsidiary	100%	Section 2(87)
11	NCML Bettiah Private Limited, IFFCO Tower-1, B-wing, 5th Floor, Plot No. 3, Sector -29, Gurgaon-122001	U01100HR2017PTC067264	Subsidiary	100%	Section 2(87)
12	NCML Bhattu Private Limited, IFFCO Tower-1, B-wing, 5th Floor, Plot No. 3, Sector -29, Gurgaon-122001	U01100HR2017PTC067165	Subsidiary	100%	Section 2(87)
13	NCML Jalalabad Private Limited, IFFCO Tower-1, B-wing, 5th Floor, Plot No. 3, Sector -29, Gurgaon-122001	U01114HR2017PTC067164	Subsidiary	100%	Section 2(87)
14	NCML Sonapat Private Limited, IFFCO Tower-1, B-wing, 5th Floor, Plot No. 3, Sector -29, Gurgaon-122001	U01100HR2017PTC067202	Subsidiary	100%	Section 2(87)
15	NCML KB Private Limited, IFFCO Tower-1, B-wing, 5th Floor, Plot No. 3, Sector -29, Gurgaon-122001	U01110HR2017PTC070944	Subsidiary	100%	Section 2(87)
16	NCML Agribusiness Consultants Private Limited, IFFCO Tower-1, B-wing, 5th Floor, Plot No. 3, Sector -29, Gurgaon-122001	U93090HR2019PTC078452	Subsidiary	100%	Section 2(87)

d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	1,12,50,000	1,25,751	1,13,75,751	7.72	1,12,50,000	1,25,751	1,13,75,751	7.72	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	68	68	-	0.00	42,024	44	42,068	0.03	0.03
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Cooperatives)	15,00,000	25,52,631	40,52,631	2.75	15,00,000	25,52,631	40,52,631	2.75	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	15,00,000	25,52,699	40,52,631	2.75	15,00,000	25,52,675	40,52,699	2.75	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1,27,50,000	26,78,450	1,54,28,450	10.46	1,27,92,024	26,78,426	1,54,70,450	10.49	0.03
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	14,46,91,286	26,78,450	14,73,69,736	100	14,47,33,310	26,78,426	14,74,11,736	100	-

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	FIH Mauritius Investments Limited	13,19,41,286	89.53	NIL	13,19,41,286	89.51	NIL	-0.02

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	13,19,41,286	89.53	NA	NA
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.):	NA	NA	NA	NA
	At the end of the year	NA	NA	13,19,41,286	89.51

D) Shareholding Pattern of top ten existing Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year April 1,2019		Cumulative Shareholding during the Year March 31,2020	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	The Haryana State Cooperative Supply and Marketing Federation Limited	40,52,631	2.75	40,52,631	2.75

2.	Bank of India	30,00,000	2.04	30,00,000	2.04
3.	Corporation Bank	35,00,000	2.37	35,00,000	2.37
4.	Punjab National Bank	40,00,000	2.71	40,00,000	2.71
5.	Indian Bank	8,75,751	0.59	8,75,751	0.59
6.	Prakash Jejani	100,00	0.01	100,00	0.01
7.	Anil Parvarthneni	10,000	0.01	10,000	0.01
8.	Neeta Nair	6,000	0	6,000	0
9.	Srirama Murthy	5,000	0	5,000	0
10.	Prathipati Srinivas	5,000	0	5,000	0
11.	Rosiah Yelluri	5,000	0	5,000	0

E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year Sanjay Kaul	12	0%	12	0%
2	Unupom Kausik	12	0%	12	0%
	Date wise Increase / Decrease during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NA	NA	NA	NA
	At the end of the year	NA	NA	24	0.00%

F) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (in Rs.)
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,58,13,86,015	-	-	1,58,13,86,015
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,58,13,86,015	-	-	1,58,13,86,015

Change in Indebtedness during the financial year	-	-	-	-
* Addition	3,20,00,00,000	1,00,27,44,820		4,20,27,44,820
* Reduction	1,03,19,90,682			1,03,19,90,682
Net Change	2,16,80,09,318	1,00,27,44,820	-	3,17,07,54,138
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	3,74,93,95,334	1,00,27,44,820	-	4,75,21,40,154
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	3,74,93,95,334	1,00,27,44,820	-	4,75,21,40,154

XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount (in Rs.)
		Managing Director & CEO, Mr. Siraj A. Chaudhry	Deputy CEO and Whole Time Director, Mr. Unupom Kausik	Managing Director & CEO, Mr. Sanjay Kaul* (ceased to be MD & CEO w.e.f 24 th September 2019)	
1	Gross salary	1,55,83,717	1,32,77,997	1,02,60,713	3,91,22,428
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	7,55,000	8,35,000	15,90,000
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission - as % of profit - others, specify.	NIL	NIL	NIL	NIL

5	Others – Performance Bonus	51,94,442	NIL	NIL	51,94,442
	Total (A)	2,07,78,159	1,32,77,997	1,02,60,713	4,43,16,870
	Ceiling as per the Act	Remuneration paid according to provisions of Section 197 of the Companies Act, 2013 (the “Act”) read with Schedule V, Part II of the Act, and other applicable provisions, if any and approved by the Shareholders by means of Special Resolution.			

B. Remuneration to Key Managerial Personnel other than MD & CEO:

SN	Particulars of Remuneration	Key Managerial Personnel other than MD & CEO				Total (In Rs.)
		CFO Mr. Anuj Kumar Vasdev	CFO Mr. Ashok Dhamankar (resigned on 17 th July 2019)	CS Ms. Priya Vaishnav	CS Mr. Sanjay Khare (resigned on 31 st July 2019)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,57,184	2,794,056	6,64,677	1,745,348	59,61,265
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL	
2	Stock Option	NIL	32,000	NIL	NIL	32,000
3	Sweat Equity	NIL	NIL	NIL	NIL	
4	Commission	NIL	NIL	NIL	NIL	
	- as % of profit	NIL	NIL	NIL	NIL	
	others, specify.	NIL	NIL	NIL	NIL	
5	Others – Performance Bonus	NIL	NIL	NIL	NIL	
	Total	7,57,184	2,794,056	6,64,677	1,745,348	59,61,265

C. Remuneration to Other Directors:

SN.	Particulars of Remuneration	Name of Directors			Total Amount (In Rs.)
1	Independent Directors	SB Mathur	Pravir Vohra	Zohra Chatterji	
	Fee for attending board committee meetings	3,25,000	3,75,000	4,50,000	11,50,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	3,25,000	3,75,000	4,50,000	11,50,000
2	Other Non-Executive Directors	Sumit Maheshwari	Chandran Ratnaswami		
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	3,25,000	3,75,000	4,50,000	11,50,000
	Overall Ceiling as per the Act	Sitting Fees paid to all the Independent Directors was well within the limits prescribed under the Companies Act, 2013			
	Total Managerial Remuneration(A+B)	11,50,000			
	Overall Ceiling as per the Companies Act, 2013	Sitting Fees paid to all the Independent Directors was well within the limits prescribed under the Companies Act, 2013			

XII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board of Directors
National Collateral Management Services Limited

Place: Gurgaon
Date: 25.08.2020

Siraj A. Chaudhry
Managing Director &
Chief Executive Officer
DIN: 00161853

Unupom Kausik
Director
DIN: 01978970

Annexure B

**Form No. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
NATIONAL COLLATERAL MANAGEMENT SERVICES LIMITED
5TH FLOOR, LODHA SUPREMUS, UNITS NOS. 505- 509, KANJURMARG (EAST),
MUMBAI MUMBAI CITY MH 400042

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **National Collateral Management Services Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 complied with the Statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of;

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-law framed hereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI Act').
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **-Not Applicable**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **-Not Applicable**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **-Not Applicable**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993; **-Not Applicable**

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **-Not Applicable**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **-Not Applicable**

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- (a) Essential Commodities Act, 1955
- (b) Food Safety and Standard Act, 2006
- (c) State Shop and Establishment Act, 1948
- (d) Insecticides Act, 1968
- (e) The Warehousing (Development and Regulation) Act, 2007

I have also examined compliance with the applicable clause of the following;

- I. The Secretarial Standards issue by the Institute of Company Secretaries of India.
- II. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Listing Agreements entered into by the Company with the Stock Exchange(s).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting. Majority decisions were carried through while the dissenting members' views were captured and recorded as part of the minutes.

I further report that

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with other applicable laws on the operation of the Company and the rules made thereunder.

I further report that

During the audit period, the Company has undertaken event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

- (a) Issued and allotted 10,02,74,482 (Ten Crores Two Lakhs Seventy Four Thousand Four Hundred and Eighty Two only) Compulsorily Convertible Debentures ("CCDs") of a face value of Rs. 10/- each issued at par (i.e. at an issue price of Rs. 10/- per CCD) aggregating to Rs. 100,27,44,820/-.

(b) Issued and allotted secured, rated, listed, redeemable, non-convertible debentures bearing a face value of 10,00,000 (Rupees Ten lakhs only) each aggregating to upto INR 320 crore which is listed on BSE Ltd. w.e.f. 27th March 2020.

**For Ravi Shankar & Associates
Company Secretaries**

**Ravi Shankar
Proprietor
ACS No.: 40312
CP No.: 18568**

**Place: Delhi
Date: 25.08.2020**

UDIN: A040312B000611729

This Report is to be read with my letter annexed as **Annexure I**, which forms integral part of this report.

“Annexure-I”

To,
The Members,
The Members,
NATIONAL COLLATERAL MANAGEMENT SERVICES LIMITED
5TH FLOOR, LODHA SUPREMUS, UNITS NOS. 505- 509, KANJURMARG (EAST),
MUMBAI MUMBAI CITY MH 400042

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, I have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. my examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Ravi Shankar & Associates
Company Secretaries

Ravi Shankar
Proprietor
ACS No.: 40312
CP No.: 18568

Place: Delhi
Date: 25.08.2020

Annexure C

DISCLOSURE UNDER THE NCML ESOP SCHEME 2016 PURSUANT TO THE PROVISIONS OF RULE 12(9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014 AS ON FINANCIAL YEAR ENDED 31ST MARCH 2020

PARTICULARS	NCML ESOP SCHEME 2016
Options Granted	54,90,000
options vested	4,30,000
options exercised	NA
the total number of shares arising as a result of exercise of option	NA
options lapsed	9,15,000
the exercise price	Two times the Book Value established of an equity share based on audited financials or in absence of audited financials, the financials of the Company as approved by the Board immediately prior to grant of options.
variation of terms of options	NA
money realised by exercise of options	NA
total number of options in force	45,75,000

DETAILS OF OPTIONS GRANTED TO KEY MANAGERIAL PERSONNEL (“KMP”) UNDER THE NCML ESOP SCHEME 2016

SN	NAME OF THE KMP	DESIGNATION	OPTIONS GRANTED
1.	Sanjay Kaul	MD & CEO*	735000
2.	Unupom Kausik	Whole Time Director	605000

Ceased to be MD & CEO w.e.f 24th September 2019

DETAILS OF EMPLOYEES WHO RECEIVED A GRANT OF OPTIONS IN ANY ONE YEAR OF OPTIONS AMOUNTING TO FIVE PER CENT OR MORE OF OPTIONS GRANTED DURING THAT YEAR

SN	NAME OF THE EMPLOYEE	DESIGNATION	OPTIONS GRANTED	Year Of Grant
1	Sanjay kaul	MD&CEO	675000	2015-16
			60000	2017-18
2	Unupom kausik	President	555000	2015-16
			50000	2017-18
3	Prakash Chandra Jejani	Head- Accounts	55000	2015-16
			30000	2017-18
4	Avinash Gupta	Head - Technical	30000	2017-18
5	Niraj Kumar Singh	Chief Silo Project	40000	2017-18
6	Anirudha Rajeghorpade	Head Business	30000	2017-18
7	G Suresh Kumar	Regional Manager	30000	2017-18
8	Santosh Kumar Aryendra	MD& CEO-NCML Finance	500000	2018-19

IDENTIFIED EMPLOYEES WHO WERE GRANTED OPTIONS DURING ANY ONE YEAR EQUAL TO OR EXCEEDING ONE PERCENT OF THE ISSUED CAPITAL (EXCLUDING OUTSTANDING WARRANTS AND CONVERSIONS) OF THE COMPANY AT THE TIME OF GRANT

SN	NAME OF THE EMPLOYEE	DESIGNATION	OPTIONS GRANTED
NA	NA	NA	NA

For and on behalf of the Board of Directors
National Collateral Management Services Limited

Place: Gurgaon
Date: 25.08.2020

Siraj A. Chaudhry
Managing Director &
Chief Executive Officer
DIN: 00161853

Unupom Kausik
Director
DIN: 01978970

Annexure D

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken.	NCML's CSR activities are designed to promote sustainable and equitable development so as to improve the quality of life of people in the communities in and around the geographies we operate in. NCML being a responsible corporate has been contributing in social investments primarily in following three broad focus areas: <ol style="list-style-type: none">1. Improving health, education and nutrition for underprivileged children2. Supporting rural and farming communities3. Research & Development(R&D) in Food Security
2. The Composition of the CSR Committee.	The CSR Committee comprises of: <ol style="list-style-type: none">i) Ms. Zohra Chatterji – Chairpersonii) Mr. Sumit Maheshwari, Memberiii) Mr. Pravir Vohra, Member
3. Average net profit of the Company for last three financial years.	Rs.317,278,921
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs. 6,345,578
5. Details of CSR spent for the financial year: (a) Total amount spent for the financial year	Rs.1,471,830
(b) Amount unspent, if any	Rs.4,873,748
(c) Manner in which the amount spent during the financial year is detailed below	Estimates have been finalised and the amount will be spent during the next year.
6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.	The Company could not spend entire two percent of average net profits of the last three financial years. Out of the sanctioned amounts some of the CSR works are ongoing or are under implementation. The Company is making efforts to identify the projects/programmes for spending the unspent CSR funds. All unspent CSR funds of previous year (s) are carried forward for spending on CSR activities.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.	The implementation and monitoring of CSR Policy is in compliance with CSR.

For and on behalf of the Board of Directors
National Collateral Management Services Limited

Place: Gurgaon
Date: 25.08.2020

Siraj A. Chaudhry
Managing Director &
Chief Executive Officer
DIN: 00161853

Unupom Kausik
Director
DIN: 01978970

ANNEXURE E

The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

A. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of the Director	Total Remuneration (Rs.)	Ratio of remuneration of director to the Median remuneration
Mr. Sanjay Kaul (Ceased to be MD & CEO on 24 th September 2019)	10,260,713.00	29.61
Mr. Unupom Kausik	13,277,997.00	38.32
Mr. Siraj A. Chaudhry (appointed as MD & CEO on 24 th September 2019)	2,07,78,159.00	59.96

B. The percentage increase in the remuneration of each Director and CFO & Company Secretary in the financial year:

Name	Designation	Remuneration* (Rs.)		Increase
		2019-20	2018-19	%
Mr. Sanjay Kaul	MD & CEO (Ceased to be MD & CEO on 24 th September 2019)	10,260,713	23,333,313	-56.02
Mr. Unupom Kausik	WTD	13,277,997	13,172,344	0.80
Mr. Siraj A. Chaudhry	MD & CEO (appointed as MD & CEO on 24 th September 2019)	20,778,159	-	NA
Mr. Ashok Dhamankar	Group CFO (Resigned on 17 th July 2019)	2,794,056	9,480,691	-70.52
Mr. Sanjay Khare	Head Legal & CS (Resigned on 31 st July 2019)	1,745,348	5,387,775	-67.60
Mr. Anuj Kumar Vasdev	Group CFO	7,57,184	-	NA
Mr. Priya Vaishnav	CS and DM- legal	664,677	-	NA

C. Percentage increase in the median remuneration of all employees in the financial Year:

	2019-20	2018-19	Increase (%)
Median remuneration of all employees per annum	346,500	308,350	12.37

D. Number of permanent employees on the rolls of the Company as on 31st Mar, 2020: 760

E. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: The percentile increase in remuneration of employees other than managerial personnel was 7.50 in FY 2019-20.

F. Affirmation that the remuneration is as per the remuneration policy of the company: It is hereby affirmed that the remuneration paid is as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees.

Information as per Rule 5 of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Employees drawing a remuneration of Rs.1.02 crore or above per annum

Employee Name	Designation	Educational Qualification	Age	Experience (in Years)	Date of Joining	Gross Remuneration Paid	Previous Employment and designation
Mr. Sanjay Kaul	Director	Postgraduate in Economics from the University of Delhi	65	41yrs	11 th Jun 2008	10,260,713	NCDEX Institute of Commodity Markets & Research, Chief Executive Officer
Mr. Unupom Kausik	Whole Time Director	Electrical Engineer, Postgraduate-Rural Development from Institute of Rural Management, Anand, Fellowship in International Cotton Trade	51	25yrs	27 th Mar 2015	13,277,997	Business Head, Olam Agro India Limited
Mr. Siraj A. Chaudhry	Managing Director	Postgraduate-Indian Institute of Foreign Trade (IIFT) and a B.Com (hons.) graduate	53	32yrs	24 th Sept 2019	2,07,78,159	Chairman, Cargill

Employed for part of the year with an average salary above Rs. 8.5 lakh per month- **NIL**

For and on behalf of the Board of Directors
National Collateral Management Services Limited

Place: Gurgaon
Date: 25.08.2020

Siraj A. Chaudhry
Managing Director &
Chief Executive Officer
DIN: 00161853

Unupom Kausik
Director
DIN: 01978970

Annexure F

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SN	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NA
b)	Nature of contracts/arrangements/transaction	NA
c)	Duration of the contracts/arrangements/transaction	NA
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NA
e)	Justification for entering into such contracts or arrangements or transactions'	NA
f)	Date of approval by the Board	NA
g)	Amount paid as advances, if any	NA
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NA

2. Details of material contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Sanjay Kaul
b)	Nature of contracts/arrangements/transaction	Appointment of Related Party to Office or place of profit, 2 years w.e.f. 24th Sept 2019 till 23rd Sept 2021.
c)	Duration of the contracts/arrangements/transaction	2 years (The contract was terminated w.e.f 1 st April 2020)
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Appointment of Related Party to Office or place of Profit, 2 years w.e.f. 24th Sept 2019 till 23rd Sept 2021 at an agreed professional fee approved by the Board and Shareholders.
e)	Date of approval by the Board	6 th Nov 2019
f)	Amount paid as advances, if any	NA

For and on behalf of the Board of Directors
National Collateral Management Services Limited

Place: Gurgaon
Date: 25.08.2020

Siraj A. Chaudhry
Managing Director &
Chief Executive Officer
DIN: 00161853

Unupom Kausik
Director
DIN: 01978970

MANAGEMENT DISCUSSION & ANALYSIS

The Company continued its focus on expanding its core activities of Storage & Preservation and Collateral Management with greater emphasis on risk managing, weather intelligence and testing/certifications alongside profit maximization and cost control efforts in all its operations during the year ending March 31, 2020. In the year under review the Company stepped up its activity in cross-border trade (CBT) transactions with a view to expanding its services along the agri supply chain.

This report analyses the developments in the commodity market during the year and the opportunities and challenges arising out of the new situation.

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates, etc., may constitute 'forward looking statements' but actual results may differ from such expectations, projections, etc., whether express or implied. There are several factors which could make significant difference to the Company's operations, such as COVID-19 pandemic, climatic and economic conditions affecting demand and supply, government regulations and taxation policies, natural calamities, etc. over which the Company does not have any direct control.

Economic Scenario and Company Positioning

Domestic Economy

As per the Annual report of Reserve Bank of India, the growth rate of Real Gross Domestic Product (GDP) at constant (2011-12) prices stayed at 4.2 per cent in 2019-20 as compared to 6.1 per cent in 2018-19. The growth rate in 2019-20 essentially remained attributable to ongoing structural reforms, fiscal discipline, efficient delivery of services and financial inclusion aside to many other GOI initiatives. The Agri sector is estimated to have registered a growth of 4 per cent in 2019-20, as compared to 2.4 per cent in 2018-19. The industrial sector is estimated to have registered decline in growth from 4.5 per cent in 2018-19 to 0.8 per cent in 2019-20. The services sector, also appears to have registered a decline in growth from 5% per cent in 2019-20, compared to 7.7 per cent in 2018-19.

Headline CPI inflation increased consistently in 2019. In October 2019 CPI inflation breached the Reserve Bank's medium-term target of 4 per cent. The CPI inflation increased from 2.86 per cent in March 2019 to 3.9 per cent in September 2019, and further to 7.35 per cent in December 2019. However, during Q4 of 2019-20, CPI inflation decreased from 7.59 per cent in January 2020 to 5.84 per cent by March 2020.

Further, to spur consumption and investment, the Reserve Bank of India (RBI) has increased liquidity in the economy by reducing repo rate by 35 basis points in August 2019, followed by another reduction in the repo rate by 25 basis points in October, 2019. Thereafter, inflation rate increased from 3.9 percent in September 2019 to 4.6 percent in October 2019. The COVID 19 pandemic has impacted all spheres of life and in turn the economy. In order to provide relief to the

businesses and keep the economy rolling, the RBI has further reduced repo rates by 75 basis points in March 2020.

The Current Account Deficit narrowed to 1.5 per cent of GDP in H1 of 2019-20 from 2.6 per cent in H1 of 2018-19. In Q3 of 2019-20 CAD (Current Account Deficit) narrowed to 0.2 per cent of GDP. CAD has been declining due to reduction in the trade deficit and increase in net services receipts.

The Forex reserves of the country stood at USD 477.8 billion by the end of March 2020 and are at a comfortable level. The foreign exchange reserves were USD 433.7 billion as of end of September 2019 and followed an increasing trend and reached to 481.26 billion by the end of February 2020 and declined to mentioned level in Mar 2020

Emerging outlook for the Agri-commodity space

Indian Agricultural production is expected to be at a record high for the year 2019-20 amidst higher monsoon rains extending favorable conditions for crop growth. As per fourth Advance Estimates by the Govt of India, the production of food grains in the country during 2019-20 is estimated at 296.65 MMT vis-a-vis 285.21 MMT in the corresponding period last year. The break-up of production estimates during the Kharif and Rabi seasons is as follows: Kharif 2019-20 is estimated at 143.4 MMT (141.5 MMT in 2018-19), and Rabi 2019-20 is estimated at 153.3 MMT (143.7 MMT in 2018-19). Higher production of Wheat and Maize during the Rabi 2019-20 season is the main contributor to the overall higher production. Indian pulses production for Kharif 2019-20 is 7.7 MMT and the Rabi 2019-20 Pulses production is estimated at 15.4 MMT.

The stock of food grains with the Food Corporation of India (FCI) by the end of March 2020 stood at 58.5 MMT compared to 46.7 MMT by the end of Mar 2019. It can therefore be seen that food-stocks are at comfortable levels, a situation that augurs well for food security in the country.

In the non-food sector, as per fourth Advance Estimates of the Government of India for 2019-20, cotton production is estimated at 354.9 lakh bales compared to 280.4 lakh bales in the corresponding season of 2018-19. While cotton production is expected to be higher, sugarcane production is expected to touch 355.7 MMT in 2019-20 compared to 405.4 MMT in 2018-19. Oilseeds production in 2019-20 (Kharif & Rabi) is estimated at 33.4 MMT vis-a-vis 31.5 MMT in 2018-19. Despite higher production during the year, arrivals of key commodities into the mandis have been lower on account of higher procurement by Govt and as a result inward into the private warehouses was lower on a y-o-y basis.

Company positioning

In a fast changing environment and given the prevailing bearish sentiment in the commodity space the Company adopted strategies suited to meet the requirements of stakeholders with an increased focus on risk management across all its business verticals. Overall crop production during 2019-20 has been good due to reasonably good and well distributed rainfall. Despite temporary bottlenecks caused by COVID-19 (starting mid February 2020) such as, reduced economic activities across sectors, followed by nationwide lockdown (from end of March 2020)

and restrictions in movement of goods disrupted agri supply chains. But good crop production prospects on the back of very high food grain reserves augurs well for the Company's business verticals spread across the entire post-harvest agri supply chain. NCML having firmly established its foothold in the post-harvest agri supply chain, supported by its nation-wide presence through a network of own, leased and franchisee warehouses, PAN India presence on testing labs with Automatic Weather Stations, footprint in the Supply chain business and finance verticals and online agri trading platform, is expected to improve its performance in the coming quarters.

Financial performance

The Company is a leading commodities and risk management company in India, which focuses on Storage & Preservation, Collateral Management and Procurement services of Agri commodities. For the purpose of analysis, its revenue and expenditure can be segregated as shown in the table below:

Results of operations

The Company has registered Profit before tax of Rs. (862.0) million as against Rs.171.9million during last year.

Segment wise results

The services of the Company have been grouped under five segments. The segment wise revenue figures are given below-

INR in million			
Income from operations	Year ended 31 st March 2020	Year ended 31 st March 2019	Growth In (%)
1. Supply Chain services	6,826.0	10,934.0	-37.6%
2. Storage & Preservation services	1,008.2	977.0	3.2%
3. Testing & Certification services	241.2	296.7	-18.7%
4. Collateral Management services	309.3	623.4	-50.4%
5. Market Intelligence	168.8	173.5	-2.7%
6. Other Income	323.0	264.3	22.2%
Total Income	8,876.5	13,268.9	-33.1%
Expenditure			
Cost of Commodity - Supply Chain	6,804.8	10,136.4	-32.9%
Operating and other Expenditure	1,411	1,772	-20.4%
Employment cost	396.7	447.6	-11.4%
Total Expenditure	8,613.0	12,356.0	-30.3%
Profit before Depreciation, Interest and Tax	263.5	912.9	-71.1%

Interest and Finance Charges	579.4	565.8	2.4%
Depreciation	219.3	175.1	25.2%
Impairment of investment in and loans to subsidiaries	326.8		100.0%
Profit before Tax	(862.0)	172.0	-411.2%
Provision for Tax (Current & Deferred)	(265.2)	24.2	-1194.1%
Profit after Tax	(596.8)	147.8	-503.9%

Cash flows

INR in million

Cash flow from operating activities	As at 31 st March, 2020	As at 31 st March, 2019	Increase / (decrease)
Profit before tax	(862.0)	171.9	(1,034.0)
Depreciation	219.3	175.1	44.2
Other adjustments	700.8	360.0	340.9
Operating Profit Before Working Capital Change	58.1	707.0	(648.9)
Effects of working capital changes	3,049.4	2,581.9	467.5
Cash generated from / (used in) operations	3,107.4	3,288.8	(181.4)
Tax payments made	(82.0)	(136.5)	54.5
Net cash generated from / (used in) operating activities	3,025.4	3,152.3	(127.0)

In financial year 2019-20, the Company net cash of Rs.3,025.4 million from operations in comparison to Rs. 3,152.3 million used in the previous year. Net cash used includes adjustments for non-cash items like depreciation and other Rs.920 million in financial year 2019-20 and Rs. 535.0 million in financial year 2018-19.

INR in million

Cash flow from investing activities	As at 31 st March, 2020	As at 31 st March, 2019	Increase/ (decrease)
Purchase/ construction of Fixed Assets	(221.9)	(488.9)	267.0
Others	(2,382.7)	(1,537.7)	(845.0)
Cash flow from investing activities	(2,604.6)	(2,026.6)	(578.0)

In fiscal 2018, the Company used Rs. 1,907 million in investment activities compared to Rs. (2,604.6) million in financial year 19-202017. Significant items of investment in bank deposit of(2,137.1) million in financial year 2019-20 compared to Rs. (499.1) million in financial year 2018-19.

INR in million

Cash flow from financing activities	As at 31 st March 2020	As at 31 st March 2019	Increase / (decrease)
Issue of Equity Share	1	-	1
Bank borrowings	28	(527)	555

Finance Cost Paid	(517)	(580.0)	63
Cash provided by financing activities	(488)	(1,107)	619

In fiscal year 2020, cash utilized in financing activity is Rs. 488 million due to repayment of bank borrowing is 517 million (Fiscal year 2019 Rs. 1,107 utilised) and finance cost paid Rs. 517 million (Fiscal year 2019 Rs. 580 million)

Cash and cash equivalents position

Cash and cash equivalents as on 31st March 2020 amounted to Rs. 17 million as compared to Rs. 84 million as on 31st March 2019

Internal Financial Control and Risk Control Mechanism

Company's internal control procedures are adequate to ensure compliance with various policies, practices and statutes in keeping with the organization's pace of growth and increasing complexity of operations.

Company has taken steps to benchmark its internal financial control on lines of globally accepted framework as issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework (2013).

Company maintains a system of internal controls designed to provide reasonable assurance regarding the following:

- Effectiveness and efficiency of operations
- Adequacy of safeguards for assets
- Prevention and detection of frauds and errors
- Accuracy and completeness of the accounting records
- Timely preparation of reliable financial information

Key controls have been tested during the year and corrective and preventive actions are taken for any weakness. The internal controls and governance process are duly reviewed for their adequacy and effectiveness through periodic audits by independent internal audit function supported by outsourced audit teams. Risk based internal audit plan is approved by the Audit Committee which also reviews adequacy and effectiveness of your Company's internal financial controls. The Audit Committee is periodically briefed on the corrective and preventive action taken to mitigate the risks.

B S R & Co. LLP, the statutory auditors has audited the financial statements included in this annual report and has issued an attestation report on our internal control over financial reporting (as defined in section 143 of Companies Act 2013).

Internal Control Systems and their Adequacy

The regular audit protocols of the Inspection & Vigilance Group (IVG) are meticulously followed. Appropriate corrective action is taken to plug the gaps observed in the course of inspection. Also, protocols are streamlined and controls strengthened on an ongoing basis to prevent recurrence of such gaps in subsequent assignments. The Company also ensures appropriate training for its field staff on a regular basis.

The Company accorded attention to the CM segment considering the large volume & value of stocks managed by the division on behalf of different banks. Given the evidence that risks in the assignments are best managed in our own or leased warehouses, our strategy would be to get maximum stocks in such warehouses. In respect of all existing assignments, the control protocols for mitigating risk are being reviewed and refined with the objective of ensuring that there is no recurrence of major issues that have arisen in the past.

The “Zero Tolerance Policy” and “Disciplinary Proceedings Policy” which have been instituted by the Company have had an exemplary impact on the morale of the employees, prodding them to proactively participate in controlling major gaps in the Company and continue business in a risk free manner.”

The Road Ahead

The Company is now well recognized as a leading player in the private warehousing and allied services space. With the position that it has acquired and the volume of business that it handles, the Company is now fine-tuning its products and services in line with market expectations. And as a part of this process, it is increasingly focusing on standardized protocols to ensure better management of risks across its business verticals. The Company is exploring opportunities for growth in all the segments that it operates in by offering both, off the shelf products, and customized solutions. The approach is expected to help in both retention and expansion of the client base. To further consolidate its position in the post-harvest agri supply chain, the Company proposes to adopt segment specific strategies as follows:

Storage & Preservation

- Focus on improving quality of services offered through implementation of Quality Management System
- Focus on asset lite model of doing business through increase in share of warehouse hiring under franchise arrangement
- Increased focus on identifying right mix of Retail Reservation and Corporate Deposits for each location, by
 - Increasing client base, and,
 - Offering financing services to help clients meet their liquidity requirements
- Focus on NCDEX/MCX/NSE deposits for higher storage income
- Emphasis on improved utilization of available space and better realization of storage charges across locations

Collateral Management

- Prudent risk management in selection of customers, commodities and structures
- Engage with banks for a fee structure linked to magnitude of risks managed
- Cross selling of products with banks for assignment in Stock Audits, Stock Monitoring and Structured Commodity Finance
- Location wise profitability assessment
- Use of technology in managing operational risk

Supply Chain Management

- Scaling up volumes in existing products
- Exploring opportunities in select high value commodities for higher margins
- Exploring attractive yield related new product areas
- Pursuing cross border initiatives
- Foray into supply chain solutions for staples for organized retail clients

Testing & Certification

- Increasing focus on food testing and large food processing companies
- Focus on testing of ingredients for Quick Service Restaurants (QSRs) across all regions
- Expand agri testing and inspection services through separating area labs for focusing on these two business segments under separate leadership
- Increasing capacity utilization at all labs

Commodity & Weather Intelligence

- Expand the service vertical for new solutions for commodity sector – remote sensing based acreages and production forecasting
- Expand presence in hydrology projects and acquire contracts in all possible territories

Market Yard

- Focusing on successful implementation of private e-mandi in Rajasthan
- Establishing supply chain for pulses for millers at Delhi markets
- Continuing scrap and excess inventory auctions of manufacturing sector companies
- Continuing government e-auctions for M.P Markfed, A.P Markfed, Telangana Civil Supplies, M.P Civil Supplies, Rajasthan Seeds Corp, Tilam Sangh, Gujarat Seeds
- Build network with FPO's and connect them with organized retail and food processing industry

INDEPENDENT AUDITORS' REPORT

To the Members of National Collateral Management Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of National Collateral Management Services Limited (“the Company”), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor’s Responsibilities for the Audit of the Standalone 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 standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report *(Continued)*

National Collateral Management Services Limited

Key Audit Matters *(Continued)*

Description of Key Audit Matter

The Key Audit Matter	How the matter was addressed in our audit
<p>Revenue recognition</p> <p>Revenue is recognised when the customer obtains control of the goods or when services are rendered. We identified revenue recognition as a key audit matter because the Company and its external stakeholders focus on revenue as a key performance indicator. This could create an incentive for revenue to be overstated or recognised before control has been transferred or services have been rendered.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none">• We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.• We evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition on selected transactions.• We performed substantive testing by selecting samples of revenue transactions, recorded during the year by testing the underlying documents using statistical sampling.• We carried out analytical procedures on revenue recognised during the year to identify and evaluate any unusual variances.• We tested, on a sample basis, revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognised in the appropriate financial period.• We tested manual journal entries posted to revenue to identify and evaluate any unusual items.

The Key Audit Matter	How the matter was addressed in our audit
<p>Assessment of recoverability of investment and loans to subsidiaries (refer Note 7 and Note 16 to the standalone financial statements)</p> <p>The Company has significant investments and loans to subsidiaries, which are in various stages of implementation of infrastructure projects.</p> <p>The carrying amount of the investments in and loans to subsidiaries held at cost less impairment as at 31 March 2020 is Rs 1,858.3 million and Rs 2,304.1 million respectively.</p> <p>The Company performs an annual assessment of its investments in / loans to subsidiaries to identify any indicators of impairment.</p> <p>For investments where impairment indicators exist, significant judgements are required to determine the key assumptions used in the discounted cash flow models, such as revenue growth and discount rates. Since evaluation of impairment involves significant assumptions and judgement, the same has been considered as key audit matter.</p>	<p>Recoverability of investment and loans to subsidiaries</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • we have evaluated the design and implementation and tested the operating effectiveness of key controls placed around the impairment assessment process of the recoverability of the investments. These includes the estimation of future cash flows forecasts, the process by which they were produced and discount rates used. • we have assessed the net worth of subsidiaries on the basis of latest available financial statements. • we focused on key assumptions which were most sensitive to the recoverable value of the investments. We also assessed the key assumptions were plausible in the light of the current environment of the COVID 19 pandemic. • involved experts to evaluate the key assumptions used by the management. We have considered the adequacy of disclosures in the standalone financial statements in respect of the investments and loans to the subsidiaries.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding

Independent Auditors' Report (*Continued*)

National Collateral Management Services Limited

Management's and Board of Directors' Responsibility for the Standalone Financial Statements (*Continued*)

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

In preparing the standalone financial statements, the Management and Board of Directors are 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 the Board of Directors 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 Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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 with reference to financial statements 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 in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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

Independent Auditors' Report (*Continued*)

National Collateral Management Services Limited

Auditor's Responsibilities for the Audit of the Standalone Financial Statements (*Continued*)

report to the related disclosures in the standalone 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 financial statements, including the disclosures, and whether the standalone 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

Independent Auditors' Report (*Continued*)

National Collateral Management Services Limited

Report on Other Legal and Regulatory Requirements (*Continued*)

- e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' 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 has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 39(a) to the standalone financial statements;
 - ii. The Company did not have long-term contracts including derivative contracts for which there were any material foreseeable losses
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Company is in accordance with the provisions of Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

Burjis Pardiwala

Mumbai
25 August 2020

Partner
Membership No.103595
UDIN: 20103595AAAACY1784

National Collateral Management Services Limited

Annexure - A to the Independent Auditors' Report – 31 March 2020

With reference to the Annexure referred to in the Independent Auditor's Report to the members of National Collateral Management Services Limited ("the Company") on the standalone financial statements for the year ended 31 March 2020, we report the following:

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant, to the programme, a portion of fixed assets has been physically verified by the management during the year and the discrepancies noticed on verification between the physical assets and the book record were not material.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company as disclosed in Note 5 to the standalone financial statements.
- (ii) The inventory, other than stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material. In respect of stock lying with third parties as at year end, balance confirmations have been obtained.
- (iii) The Company has granted interest bearing unsecured loans to fifteen wholly owned subsidiary companies covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). The Company has not granted any loans, secured or unsecured, to firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.
 - (a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions on which the unsecured loans have been granted to the subsidiary companies listed in the register maintained under Section I 89 of the Act were not, prima facie, prejudicial to the interest of the Company.
 - (b) According to the information and explanations given to us, and based on the audit procedures conducted by us, in respect of the interest-bearing unsecured loans, no schedule for repayment of principal and payment of interest has been stipulated by the Company. During the year, the Company has received the amount of loan/ interest as demanded from its subsidiary companies. Further, as at the year-end, the provision against the loan receivable of Rs. 2,458.3 million (including interest Rs Rs 234.4 million) from three subsidiaries, amounts to Rs. 232.2 million (including interest of Rs. 30.1 million).
 - (c) There are no overdue amounts of more than 90 days in respect of such loans granted to the subsidiary companies.
- (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 Act, in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

National Collateral Management Services Limited

Annexure - A to the Independent Auditors' Report – 31 March 2020

- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act in respect of the services rendered and goods sold by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees State Insurance, Income-tax, Goods and Service tax, and other material statutory dues have been generally regularly deposited during the year with the appropriate authorities. As explained to us, the provisions of Sales tax, Value added tax, Duty of excise are not applicable to the Company.
- According to the information and explanations given to us, there are no undisputed amount payable, in respect of Provident fund, Employees State Insurance, Custom Duty, Income tax, Goods and Service tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income-tax, Goods and Service tax, Provident fund and Employees State Insurance as at 31 March 2020, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowings to banks, financial institutions and dues to debenture holders. The Company did not have any outstanding loans and borrowings to government during the year.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- (x) During the course of the examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

National Collateral Management Services Limited

Annexure - A to the Independent Auditors' Report – 31 March 2020

- (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 the provisions of Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standards (Ind AS) 24, Related Party Disclosures prescribed under Section 133 of the Act, read with the relevant rules.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with the relevant applicable provisions of Section 42 of the Act in respect of compulsory convertible debentures issued on private placement basis during the year. The amounts raised have been applied by the Company for the purposes for which the funds were raised.
- (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 any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Mumbai
25 August 2020

Burjis Pardiwala

Partner

Membership No: 103595

UDIN : 20103595AAAACY1784

Annexure B to the Independent Auditors' report on the standalone financial statements of National Collateral Management Services Limited for the year ended 31 March 2020.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to the standalone financial statements of National Collateral Management Services Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to the standalone financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the standalone financial statements. 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 with reference to the standalone financial statements were established and maintained and whether 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 the standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

National Collateral Management Services Limited

Annexure B to the Independent Auditors' report

Auditors' Responsibility (*Continued*)

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 with reference to the standalone financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with Reference to the Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to the standalone financial statements, 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 with reference to the standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to the standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

Mumbai
25 August 2020

Burjis Pardiwala
Partner
Membership No.103595
UDIN: 20103595AAAACY1784

National Collateral Management Services Limited

Standalone balance sheet

as at 31 March 2020

(Currency : Indian Rupees in Million)

	<i>Note</i>	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	4,834.4	4,954.3
(b) Capital work-in-progress	5	9.2	19.3
(c) Right of use assets	37	68.4	-
(d) Intangible assets	6.1	47.0	12.6
(e) Intangible assets under development	6.2	0.9	40.3
(f) Financial assets			
(i) Investments	7	1,858.3	1,902.7
(ii) Loans	8	35.3	-
(iii) Other financial assets	9	288.2	35.3
(g) Income tax assets (net)		459.7	369.4
(h) Deferred tax assets (net)	10	457.9	191.2
(i) Other non-current assets	11	49.4	28.7
Total non-current assets		8,108.7	7,553.8
Current assets			
(a) Inventories	12	708.8	3,682.6
(b) Financial assets			
(i) Trade receivables	13	942.3	1,288.0
(ii) Cash and cash equivalents	14	16.7	83.6
(iii) Bank balances other than (ii) above	15	2,642.3	758.1
(iv) Loans	16	2,304.1	2,049.6
(v) Other financial assets	17	697.6	634.3
(c) Other current assets	18	128.5	268.5
Total current assets		7,440.3	8,764.7
TOTAL ASSETS		15,549.0	16,318.5
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	19.1	1,474.1	1,473.7
(b) Other equity	19.2	5,654.6	6,006.5
Total equity		7,128.7	7,480.2
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	4,187.0	1,174.0
(ii) Lease liabilities		37.2	-
(b) Provisions	21	30.7	26.6
(c) Other non-current liabilities	22	155.3	112.9
Total non-current liabilities		4,410.2	1,313.5
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	2,514.6	5,627.4
(ii) Lease liabilities		14.5	-
(iii) Trade payables			
Total outstanding dues of micro enterprise and small enterprise		-	-
Total outstanding dues of creditors other than micro enterprise and small enterprise	24	254.6	259.0
(iv) Other financial liabilities	25	588.6	436.3
(b) Other current liabilities	26	187.6	761.7
(c) Provisions	27	450.2	440.4
Total current liabilities		4,010.1	7,524.8
Total equity and liabilities		15,549.0	16,318.5

The attached notes 2 to 57 are an integral part of these standalone financial statements.

National Collateral Management Services Limited

Standalone balance sheet (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Million)

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of
National Collateral Management Services Limited**

CIN : U74140MH2004PLC148859

Burjis Pardiwala

Partner

Membership No: 103595

Siraj A. Chaudhry

Managing Director & CEO

DIN: 00161853

Unupom Kausik

Director & President

DIN: 01978970

Anuj Kumar Vasdev

Chief Financial Officer

Membership No: 094898

Priya Vaishnav

Company Secretary

Membership No: A40162

Mumbai

25 August 2020

Gurugram

25 August 2020

National Collateral Management Services Limited

Standalone statement of profit and loss

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

	Note	31 March 2020	31 March 2019
REVENUE			
Revenue from operations	28	8,559.1	13,005.6
Other income	29	50.2	100.9
Finance income	30	267.2	162.3
Total revenue		8,876.5	13,268.8
EXPENSES			
Purchases of stock-in-trade			
- commodities		3,831.2	8,024.6
Changes in inventories of stock-in-trade	31	2,973.6	2,111.8
Employee benefits expense	32	396.7	447.6
Finance costs	33	579.4	565.8
Depreciation and amortisation expense	34	219.3	175.1
Other expenses	35	1,411.5	1,772.0
Total expenses		9,411.7	13,096.9
(Loss)/ Profit before impairment of loans and investments and tax		(535.2)	171.9
Impairment of investment in and loans to subsidiaries (refer note 36(a))		326.8	-
(Loss)/Profit before tax		(862.0)	171.9
Income tax expenses			
(i) Current tax		-	31.0
(ii) Deferred tax credit		(265.2)	(6.8)
(Loss)/ Profit for the year		(596.8)	147.7
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
- Remeasurement losses on post employment defined benefits plans		(4.5)	1.2
- Income tax effect on above		1.5	(0.4)
Other comprehensive (loss)/ income, net of tax		(3.0)	0.8
Total Comprehensive (loss)/income		(599.8)	148.5
Earnings per share (Face value of INR 10 per share)	38		
Basic earnings per share		(4.05)	1.00
Diluted earnings per share		(4.05)	0.96

The attached notes 2 to 57 are an integral part of these standalone financial statements.

As per our report of even date attached.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
National Collateral Management Services Limited
CIN : U74140MH2004PLC148859

Burjis Pardiwala
Partner
Membership No: 103595

Siraj A. Chaudhry
Managing Director & CEO
DIN: 00161853

Unupom Kausik
Director & President
DIN: 01978970

Anuj Kumar Vasdev
Chief Financial Officer
Membership No: 094898

Priya Vaishnav
Company Secretary
Membership No: A40162

Mumbai
25 August 2020

Gurugram
25 August 2020

National Collateral Management Services Limited

Standalone statement of changes in equity

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

A. Equity share capital

	Balance as at 1 April 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
Equity share capital	1,473.7	0.4	1,474.1

B. Other equity

	Reserves and surplus					Total equity
	Securities premium	Special reserve	Share options outstanding account	Equity component through financial instrument	Retained Earnings	
Balance as at 1 April 2019	3,909.7	37.5	95.1	-	1,964.2	6,006.5
(Loss) for the year	-	-	-	-	(596.8)	(596.8)
Securities premium on equity shares during the year	0.6	-	-	-	-	0.6
Remeasurement of the net defined benefit liability (net of tax effect)	-	-	-	-	(3.0)	(3.0)
Equity component through issue of Compulsory convertible debenture (CCD)	-	-	-	308.8	-	308.8
Transfer to special reserve	-	5.0	-	-	(5.0)	-
Total comprehensive (loss) for the year	0.6	5.0	-	308.8	(604.8)	(290.4)
Add: Employee stock options (Refer note 32 & 45)	-	-	(63.3)	-	1.8	(61.5)
Balance as at 31 March 2020	3,910.3	42.5	31.8	308.8	1,361.2	5,654.6

The attached notes 2 to 57 are an integral part of these standalone financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
National Collateral Management Services Limited

CIN : U74140MH2004PLC148859

Burjis Pardiwala

Partner

Membership No: 103595

Siraj A. Chaudhry

Managing Director & CEO

DIN: 00161853

Unupom Kausik

Director & President

DIN: 01978970

Anuj Kumar Vasdev

Chief Financial Officer

Membership No: 094898

Priya Vaishnav

Company Secretary

Membership No: A40162

Mumbai

25 August 2020

Gurugram

25 August 2020

National Collateral Management Services Limited

Standalone statement of changes in equity

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

A. Equity share capital

	Balance as at 1 April 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
Equity share capital	1,473.7	-	1,473.7

B. Other equity

	Reserves and surplus				Total equity
	Securities premium	Special reserve	Share options outstanding account	Retained Earnings	
Balance as at 1 April 2018	3,909.7	32.5	70.6	1,820.7	5,833.5
Profit for the year	-	-	-	147.7	147.7
Less: Remeasurement of the net defined benefit liability (net of tax effect)	-	-	-	0.8	0.8
Transfer to special reserve	-	5.0	-	(5.0)	-
Total comprehensive income for the year	-	5.0	-	143.5	148.5
Add: Employee stock options	-	-	24.5	-	24.5
Balance as at 31 March 2019	3,909.7	37.5	95.1	1,964.2	6,006.5

The attached notes 2 to 57 are an integral part of these standalone financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of

National Collateral Management Services Limited

CIN : U74140MH2004PLC148859

Burjis Pardiwala

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Membership No: 094898

Priya Vaishnav

Company Secretary

Membership No: A40162

Mumbai

25 August 2020

Gurugram

25 August 2020

National Collateral Management Services Limited

Standalone statement of Cash Flows

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
I Cash flows from operating activities:		
(Loss) /Profit before tax	(862.0)	171.9
Adjustments for:		
Depreciation and amortisation	219.3	175.1
Finance costs	579.4	565.8
Liabilities no longer required written back	-	(15.2)
Finance income	(267.2)	(162.3)
Government grants	(5.8)	(6.1)
Guarantee commission	(0.4)	(1.5)
Provision for doubtful debts	72.1	-
Credit impaired assets	19.4	-
Provision for doubtful advances	30.0	-
Impairment of investment in and loans to subsidiaries	326.8	-
Provision for doubtful debts (written back)	-	(31.5)
(Gain) on sale of assets	-	(3.3)
Shared based payments to employees (net of capitalisation)	(53.6)	14.0
	<u>920.0</u>	<u>535.0</u>
Operating cash flows before working capital changes	58.0	706.9
Changes in:		
Decrease in inventories	2,973.8	2,133.5
Decrease in trade receivables	254.2	1,050.6
Decrease/(Increase) in other financial assets / non-current assets	127.5	(237.3)
(Decrease)/ Increase in trade payables and other financial liabilities	332.5	(339.0)
(Decrease)/ Increase in provisions	(10.8)	229.2
(Decrease)/Increase in other current liabilities / non-current liabilities	(627.8)	(255.1)
	<u>3,049.4</u>	<u>2,581.9</u>
Cash flows generated from operations	3,107.4	3,288.8
Taxes (paid), net of refunds	(82.0)	(136.5)
Net cash flows generated from operating activities	3,025.4	3,152.3
II Cash flows from investing activities:		
Purchase/construction of property, plant and equipment	(159.7)	(481.4)
Purchase of intangible assets including intangible assets under development	(10.6)	(7.5)
Investment in subsidiaries	(30.0)	(16.0)
Government grant received	48.3	2.0
Loan given to subsidiaries (net of repayments)	(527.9)	(1,554.3)
Proceeds from sale of property, plant and equipment	-	3.0
Maturity of bank deposits (having original maturity of more than 3 months)	577.4	364.6
Investment in bank deposits (having original maturity of more than 3 months)	(2,714.5)	(499.1)
Interest received	264.0	162.2
Net cash flows (used in) investing activities	(2,553.0)	(2,026.5)
III Cash flows from financing activities:		
Proceeds from issuance of equity share capital, net of issue expenses	1.0	-
Proceeds from borrowings	26,566.7	59,619.6
Repayment of borrowings	(27,590.2)	(60,146.5)
Issue of compulsory convertible debentures	1,002.7	-
Interest on lease liabilities	(3.0)	-
Interest paid	(516.5)	(580.0)
Net cash flows (used in) financing activities	(539.3)	(1,106.9)
Net (decrease) in cash and cash equivalents (I+II+III)	(66.9)	18.9
Cash and cash equivalents (refer note 13)		
Cash and cash equivalents at the beginning of the year (refer note 3 below)	83.6	64.7
Cash and cash equivalents at the end of the year (refer note 4 below)	16.7	83.6
Net (decrease) in cash and cash equivalents	(66.9)	18.9

National Collateral Management Services Limited

Standalone statement of Cash Flows (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Notes:

1. The above Statement of Cash Flows has been prepared under the "Indirect Method " as set out in the Indian Accounting Standard (Ind AS-7) Statement of Cash flows notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015.
2. **Components of Cash and cash equivalents**

	31 March 2020	31 March 2019
Balance with banks		
- in current accounts	17	84
	<u>17</u>	<u>84</u>
3. Reconciliation of cash and cash equivalents at the beginning of the year		
Cash and cash equivalents	84	65
	<u>84</u>	<u>65</u>
4. Reconciliation of cash and cash equivalents at the end of the year		
Cash and cash equivalents	17	84
	<u>17</u>	<u>84</u>

The attached notes 2 to 57 are an integral part of these standalone financial statements.

As per our report of even date attached.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
National Collateral Management Services Limited
CIN : U74140MH2004PLC148859

Burjis Pardiwala
Partner
Membership No: 103595

Siraj A. Chaudhry
Managing Director & CEO
DIN: 00161853

Unpom Kausik
Director & President
DIN: 01978970

Anuj Kumar Vasdev
Chief Financial Officer
Membership No: 094898

Priya Vaishnav
Company Secretary
Membership No: A40162

Mumbai
25 August 2020

Gurugram
25 August 2020

National Collateral Management Services Limited

Notes to the Standalone financial statements

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies

1 Company overview

National Collateral Management Services Limited ('the Company') is a closely held public company incorporated on 28 September 2004 under the Indian Companies Act, 1956 to provide warehousing services to manage risks across various stages of commodity and inventory handling under a single umbrella. Through pan-India presence, in owned, leased as well as field warehouses, the Company provides commodity handling and risk management services to clients across the country. The Company is geared to handle operations encompassing the sale, purchase, trading, storage and movement of commodities and inventories.

On 19 August 2015, Fairfax India Holding Corporation through its wholly owned subsidiary FIH Mauritius Investments Ltd has acquired a majority stake in the Company.

2 Basis of presentation and preparation

(i) Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments and employee stock options which are measured at fair values. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.

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.

The standalone financial statements are authorised for issue by the Company's Board of Directors on 25 August 2020.

(ii) Functional and presentation currency

The financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency'). Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes to these standalone financial statements. All amounts in the financial statement and accompanying notes are presented in million and have been rounded-off to one decimal place unless stated otherwise.

(iii) Current/ Non- Current Classification

Any asset is classified as current if it satisfies any of the following conditions:

- (i) it is expected to be realised or is intended for sale or consumption in the Company's normal operating cycle;
- (ii) it is expected to be realised within twelve months from the reporting date;
- (iii) it is held primarily for the purposes of being traded;
- (iv) the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

All other assets and liabilities are classified as non-current.

Any liability is classified as current if it satisfies any of the following conditions:

- (i) it is expected to be settled in the Company's normal operating cycle;
- (ii) it is expected to be settled within twelve months from the reporting date;
- (iii) it is held primarily for the purposes of being traded;
- (iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months from the reporting date.

All other liabilities are classified as non-current.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (*Continued*)

2 Basis of presentation and preparation (*Continued*)

(iii) Current/ Non- Current Classification (*Continued*)

Operating Cycle

For the purpose of current/ non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realisation and their realisation in cash and cash equivalents.

3 Use of accounting estimates and judgments

Preparation of standalone financial statements requires the Company to make assumptions and estimates about future events and apply significant judgments. The Company base its assumptions, estimates and judgments on historical experience, current trends and all available information that it believes is relevant at the time of preparation of the standalone financial statements. However, future events and their effects cannot be determined with certainty. Accordingly, as confirming events occur, actual results could ultimately differ from our assumptions and estimates. Such differences could be material. The following require most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain.

(i) *Impairment losses on investments*

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(ii) *Impairment losses on trade receivables*

The Company reviews its trade receivables to assess impairment at regular intervals. The Company's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in the statement of profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for expected credit loss is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

(iii) *Provision for obsolete inventory*

The Company reviews its inventory to assess loss on account of obsolescence and expiry on a regular basis. In determining whether provision for obsolescence should be recorded in the statement of profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is any future salability of the product, including demand forecasts and shelf life of the product. The provision for obsolescence of inventory is based on the aging and past movement of the inventory.

(iv) *Valuation of inventories*

The Company values its inventories for commodity trading business at fair value less cost to sell and other inventories are valued at the lower of cost and net realisable value through inventory allowances. Subsequent changes in facts or circumstances could result in the reversal of previously recorded allowances. Results could differ if inventory allowances change because actual selling prices or selling costs differ materially from forecasted selling prices and selling costs. Calculating allowances depends on a combination of interrelated factors affecting forecasted selling prices, including demand variables. Demand variables include grain prices and changes in inventories in distribution channels.

(v) *Estimated useful lives of property, plant and equipment*

The Company estimates the useful lives of property, plant and equipment based on the year over which the assets are expected to be available for use. The estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and on the historical experience with similar assets. It is possible, however, that future results from operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any year would be affected by changes in these factors and circumstances. The estimated useful lives are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

National Collateral Management Services Limited

Notes to the Standalone financial statements *(Continued)*

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies *(Continued)*

3 Use of accounting estimates and judgments *(Continued)*

(vi) Provision for litigations

In estimating the final outcome of litigation, the Company applies judgment in considering factors including experience with similar matters, past history, precedents, relevant financial and other evidence and facts specific to the matter. Application of such judgment determines whether the Company requires an accrual or disclosure in the standalone financial statements.

(vii) Recoverability of deferred tax assets

In determining the recoverability of deferred tax assets, the Company primarily considers current and expected profitability of applicable operating business segments and their ability to utilise any recorded tax assets. The Company reviews its deferred tax assets at every reporting year end, taking into consideration the availability of sufficient current and projected taxable profits, reversals of taxable temporary differences and tax planning strategies.

(viii) Share based payments

The Company determines costs for share-based payments using Black-Scholes-Merton model. The Company determines the fair value of its market-based and performance-based non-vested share options at the date of grant using generally accepted valuation techniques. A portion of share-based payments expense results from performance-based share options which require the Company to estimate the likelihood of achieving performance parameters and appraisals set by Board of directors.

Judgment is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. The Company is also required to use judgment in determining the most appropriate input to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and model used are disclosed in Note 45 of the standalone financial statements.

(ix) Measurement of defined benefit obligations and other employee benefit obligations

The Company's net obligation in respect of gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related services are recognised as a liability at the present value of the other long-term employment benefits.

The present value of the obligation is determined based on actuarial valuation at the balance sheet date by an independent actuary using the Projected Unit Credit Method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

(x) Measurement of fair value

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer (CFO).

They regularly review significant unobservable inputs and valuation adjustments. If third party information, such as NCDEX quotes, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS 113 "Fair Value Measurements", including the level in the fair value hierarchy in which such valuations should be classified.

National Collateral Management Services Limited

Notes to the Standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (Continued)

4 Significant accounting policies

(a) Property, plant and equipment

Measurement at recognition

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably and is measured at cost. Subsequent to recognition, all items of property, plant and equipment (except for freehold land) are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

If the cost of an individual part of property, plant and equipment is significant to the total cost of the item, the individual part is accounted for and depreciated separately.

The cost of property, plant and equipment comprises its purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of decommissioning, restoration and similar liabilities, if any. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Items such as spare parts, stand-by equipments and servicing that meets the definition of property, plant and equipment are capitalised at cost and depreciated over the useful life. Cost of repairs and maintenance are recognised in the standalone statement of profit and loss as and when incurred.

Depreciation :

The Company depreciates its Property, Plant and Equipment on Straight Line Method (SLM) over the useful lives of assets estimated by management. Depreciation for assets purchased or sold during a year is proportionately charged. The management estimates for useful lives for Property, Plant and Equipment are set out below:

Warehouse buildings	50 years
Silos	50 years
Office buildings	50 years
Plant and machinery : Moisture meters	5 years
Plant and machinery : Meteorological instruments	5 years
Plant and machinery : Laboratory equipment	5 - 10 years
Plant and machinery : Others	5 years
Computer hardware	3 years
Electrical installation and fittings	5 years
Office equipments	5 years
Furniture and fixtures	5 - 10 years
Leasehold improvements	5 - 10 years
Electrical installations and fittings at leased premises	Primary year of the lease or 5 years, whichever is less
Vehicles	5 years

For aforesaid class of assets based on internal assessment carried out by internal valuers the management believes that the useful lives as given above best represent the years over which management expects to use the assets. Hence, the useful lives for the assets are different from the useful lives as prescribed under Part C of Schedule II of the Act .

For all class of assets except leasehold improvements and electrical installation and fittings at leased premises, management carries out an internal assessment to estimate the useful life over which it is expected to be used. Expected useful lives and residual values are re-assessed annually and adjusted if appropriate and such change is accounted for as a change in an accounting estimate.

Assets costing INR 5000 or less are fully depreciated in the year of purchase. Depreciation is charged on a proportionate basis for all assets purchased and sold during the year.

Freehold land has an unlimited useful life and therefore is not depreciated.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (*Continued*)

4 Significant accounting policies (*Continued*)

(a) *Property, plant and equipment*

Capital work in progress and Capital advances

Assets under construction includes the cost of property, plant and equipment that are not ready to use at the balance sheet date. Advances paid to acquire property, plant and equipment before the balance sheet date are disclosed under Other Non Current Assets. Assets under construction are not depreciated as these assets are not yet available for use.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on 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 recognised in the standalone statement of profit or loss in the year the asset is derecognised.

(b) *Intangible assets*

Measurement at recognition

Intangible assets comprise primarily of computer software (including enterprise systems). Intangible assets are initially recorded at cost and subsequent to recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation

Intangible Assets with finite lives are amortised on a straight line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite lives is recognised in the standalone statement of profit and loss.

The following estimated useful life of intangible assets is mentioned below:

Computer Software	3 years
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The amortisation year and the amortisation method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such changes is accounted for as a change in an accounting estimate.

Derecognition

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the standalone statement of profit or loss in the year the asset is derecognised.

(c) *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.

(i) *Non-derivative financial assets*

Initial recognition and measurement

The Company recognises a financial asset in its balance sheet when it become party to the contractual provisions of the instrument. 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 (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the statement of profit and loss at initial recognition if the fair value is determined through quoted market price in an active market for an identical asset (i.e level 1 input) or through a valuation technique that uses data from observable markets (i.e level 2 input).

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (*Continued*)

4 Significant accounting policies (*Continued*)

(c) Financial instruments (*Continued*)

(i) Non-derivative financial assets (*Continued*)

Initial recognition and measurement (*Continued*)

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the standalone statement of profit and loss only to the extent that such gain or loss arises due to a change in factor market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price irrespective of the fair value on initial recognition.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- (i) The Company's business model for managing the financial asset and
- (ii) The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- (i) Financial assets measured at amortised cost.
- (ii) Financial assets measured at fair value through profit and loss (FVTPL).

(i) **Financial assets measured at amortised cost**

A financial asset is measured at the amortised cost if both the conditions are met :

- (a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows.
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans, deposits and other financial assets of the Company. Such financial assets are subsequently measured at amortised cost using the effective interest method.

The amortised cost of a financial asset is also adjusted for loss allowance, if any.

(ii) **Financial assets measured at fair value through profit and loss (FVTPL).**

A financial asset is measured at FVTPL unless it is measured at amortised cost or at Fair Value through Other Comprehensive Income (FVTOCI). This is a residual category applies to inventories, share based payments and other investments of the Company excluding investment in subsidiary. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognised in the standalone statement of profit and loss.

Derecognition:

A financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. On derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the standalone statement of profit and loss.

Presentation:

Financial assets and liabilities are offset and the net amount presented in the statement of standalone balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (*Continued*)

4 Significant accounting policies (*Continued*)

(c) *Financial instruments (Continued)*

(ii) *Non-derivative financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liabilities.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently carried at amortised cost; any difference between the initial carrying value and the redemption value is recognised in the statement of profit or loss over the year of the borrowings using the effective interest rate method. Other financial liabilities are recognised initially at fair value plus any directly attributable transaction costs.

Non-derivative financial liabilities of the Company comprise long-term borrowings, short-term borrowings, bank overdrafts and trade and other payables.

Subsequent measurement:

Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Derecognition:

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. When an existing financial liability is replaced from the same lender on substantially different terms, or 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 between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the standalone statement of profit and loss .

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. 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:

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

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy that categorises into three levels, as described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs).

Level 1 : quoted (unadjusted) market prices 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 or Indirectly

Level 3 : inputs that are unobservable for the asset or liability

For assets and liabilities that are recognised in the standalone financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting year.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (*Continued*)

4 Significant accounting policies (*Continued*)

(e) *Impairment*

Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- (i) Trade receivables and lease receivables
- (ii) Financial assets measured at amortised cost (other than trade receivables and lease receivables)

In case of trade receivables, contract revenue receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognition as loss allowance. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime of ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12 month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and profitability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

The Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward- looking estimates are updated.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the statement of profit and loss.

(e) *Impairment*

Intangible assets and property, plant and equipment

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's recoverable amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (*Continued*)

4 Significant accounting policies (*Continued*)

(f) Inventories

Inventories principally comprise commodities held for trading and inventories that form part of the Company's expected purchase, sale or usage requirements.

Inventories for commodity trading businesses are measured at fair value less costs to sell, with changes in fair value less costs to sell recognised in the statement of profit or loss in the year of the change.

Inventories are measured at cost and those forming part of the Company's expected purchase, sale or usage requirements are stated at the lower of cost and net realisable value and are valued on a first-in-first-out basis. Cost of inventories comprises of cost incurred on purchase and other direct expenditure on procurement. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated cost of disposal and after making allowance for damages and slow-moving items.

Dunnage:

Dunnage consists of bamboo mats, polythene sheets/bags/covers, wooden planks, black/blue polythene films/sheets. Bamboo mats and polythene sheets/bags/covers issued for use are written off to the extent of 100% of cost in the year of purchase. 50% of the cost of black/blue polythene films/sheets issued for use is written off in the year of issue and the balance 50% is charged to revenue in the subsequent year.

Dunnage of all types, cost of which is up to INR 500, is charged to the standalone statement of profit and loss in the year of purchase.

(g) Statement of cash flows

The Company's statement of cash flows are prepared using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of a non-cash nature if 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.

Cash and cash equivalents comprise cash and bank balances and short-term fixed bank deposits that are subject to an insignificant risk of changes in value. These also include bank overdrafts and cash credit facility that form an integral part of the Company's cash management.

(h) Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates and sales taxes or any other taxes. Amount collected on behalf of third parties such as goods and service tax and value added tax are excluded from revenue. Revenue on time and material contracts are recognised as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognised as unbilled revenue. Advances received for services and products are reported as advances from customers until all conditions for revenue recognition are met.

A. Warehousing services

- (i) These include warehousing services in owned, leased, franchise as well as field warehouses. Charges levied for providing storage, stock management and preservation services at locations which are owned, leased or under franchise/associate arrangement are recognised as income on accrual basis as per agreed terms.
- (ii) These activities also include custodial warehousing services for banks and fees therefrom are recognised on accrual basis as per agreed terms.

B. Supply chain/ Sale of goods

Income from sale of commodities is recognised when control is transferred to the buyer, while the Company retains neither managerial involvement nor effective control over the goods sold.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (*Continued*)

4 Significant accounting policies (*Continued*)

(h) Revenue recognition (*Continued*)

C. Other services

(i) Testing and certification

These includes testing the quality of commodities and issuing certificates regarding the same. The charges for testing and certification are recognised on accrual basis as per agreed terms with customers.

(ii) Market intelligence and commodity research

a) Price intelligence

Price Polling is a neutral activity for collating spot price information for selected commodities on behalf of the client and the charges there from are recognised on accrual basis as per agreed terms with customers.

b) Weather intelligence

Weather Data Services is an activity wherein weather data is collected from meteorological instruments and provided to the client and the charges there from are recognised on accrual basis as per agreed terms with customers.

c) Market intelligence

Subscription charges on market intelligence and commodity research reports are recognised as income on straight line basis over the year for which the reports are sent.

(iii) Vehicle management services

These activities include services for custodial warehousing of vehicles for customers. Fees there from are recognized on accrual basis as per agreed terms.

(iv) Finance income

Interest income on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable

(v) Other services

These are recognised when the claim/charge is established as a legally enforceable right for the services rendered.

(vi) Revenue from Contracts

Revenue from contracts is recognised based on the stage of completion determined with reference to the costs incurred on contracts and their estimated total costs. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the statement of profit or loss in the year in which the circumstances that give rise to the revision becomes known by management.

When it is probable that the total contract cost will exceed total contract revenue, expected loss is recognised as an expense immediately. Total contract cost is determined based on technical and other assessment of cost to be incurred. Liquidated damages/penalties are accounted as per the contract terms whenever there is a delayed delivery attributable to the Company.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims, incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The profits on contracts are recognised only when outcome of the contract is reasonably certain.

(vii) Lease income

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (*Continued*)

4 Significant accounting policies (*Continued*)

(h) Revenue recognition (*Continued*)

(viii) Delayed Payment Charges

Delayed payment charges are levied on trade receivables as per the terms of the contract due to delay in payment of the outstanding amount.

(i) Other income:

The Company's finance income include:

- Interest income from financial deposits and other financial assets

Interest income and expense is recognised using effective interest method based on interest rates specified / implicit in the transactions.

(j) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the Company are broadly categorised in employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses majorly include fees to external consultants, cost running its facilities, travel expenses, cost of hardware and software bought for reselling, communication costs allowances for delinquent receivables and other expenses. Other expenses is an aggregation of costs which are Individually not material such us commission and brokerage, bank charges, freight and octroi etc.

Finance costs:

The Company's finance costs include:

- Interest expense on borrowings and overdrafts

Interest expense is recognised using effective interest method based on interest rates specified / implicit in the transactions.

(k) Foreign currency

Foreign currency transactions

Initial Recognition

All transactions that are not denominated in the Company's functional currency are foreign currency transactions. These transactions are initially recorded in the functional currency by applying the appropriate daily rate which best approximates the actual rate of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the standalone statement of profit and loss.

Measurement of foreign current items are reporting date

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at the reporting date. Non-monetary items measured based on historical cost in a foreign currency are not translated. Non-monetary items measured at fair value in a foreign currency are translated to the functional currency using the exchange rates at the date when the fair value was determined.

Exchange differences arising out of these translations are recognised in the standalone statement of profit and loss.

(l) Employee benefit

Post-employment benefits

i. Defined contribution plans

A defined contribution plan is a plan for the post employment benefit of an employee under which the Company pays fixed yearly contributions into Provident Fund and Employee State Insurance Corporations. The Company has no further legal or constructive obligation to pay once contributions are made. Contributions made are charged to employee benefit expenses in the year in which the employment services qualifying for the benefit are provided.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (*Continued*)

4 Significant accounting policies (*Continued*)

(i) *Employee benefit (Continued)*

Post-employment benefits (Continued)

ii. *Defined benefit plans*

The Company's gratuity benefit scheme is a defined benefit plan which is administered through Company gratuity scheme with Life Insurance Corporation of India. The Company's net obligation in respect of gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation at the balance sheet date by an independent actuary using the Projected Unit Credit Method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government of India securities as at the balance sheet date.

When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The Company recognises all remeasurement gains and losses arising from defined benefit plans in the Statement of other comprehensive income in the year in which they occur and not reclassified to the statement of profit and loss in the subsequent year. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the standalone statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the standalone statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs in the statement of profit and loss.

Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related services are recognised as a liability at the present value of the estimated liability for leave as a result of services rendered by employees, which is determined at each balance sheet date based on an actuarial valuation by an independent actuary using the projected unit credit method. The discount rates used for determining the present value of the obligation under other long term employee benefits, are based on the market yields on Government of India securities as at the balance sheet date. Remeasurement gains and losses are recognised immediately in the standalone statement of profit and loss.

The Company presents the above liability/(asset) as current and non-current in the balance sheet as per actuarial valuation by the independent actuary; however, the entire liability towards gratuity is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified short-term employee benefits and they are recognised in the year in which the employee renders the related services. For the amount expected to be paid, the Company recognise an undiscounted liability if they have a present legal or constructive obligation to pay the amount as a result of past service provided by employees, and the obligation can be estimated reliably.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (*Continued*)

4 Significant accounting policies (*Continued*)

(l) *Employee benefit (Continued)*

Share-based payments

Equity-settled plans are accounted at fair value as at the grant date in accordance with Ind AS 102 "Share- Based Payments". The fair value of the share-based option is determined at the grant date using a market-based option valuation model which includes an estimated forfeiture rate. The fair value of the option is recorded as compensation expense amortised over the vesting year of the award, with a corresponding increase in other components of Equity under the head "Share Options Outstanding Account". On exercise of the option, the proceeds are recorded as share capital.

(n) *Lease accounting*

Policy applicable before April 01, 2019:

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.

Company as a lessee

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.

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.

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

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. 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.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Policy applicable after April 01, 2019:

The Company has adopted Ind AS 116-Leases effective 1 April, 2019, using the prospective method. Accordingly, previous period information has not been restated. 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.

Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (*Continued*)

4 Significant accounting policies (*Continued*)

(n) Lease accounting (*Continued*)

Company as a lessee (*Continued*)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Changes in accounting policies and Transition note

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective from 1 April 2019 ('the date of transition'), the Group applied Ind AS 116 using the modified prospective approach, under which the right-of-use asset is equals to lease liability on 1 April 2019. Accordingly, the comparative information is not restated

– i.e. it is presented, as previously reported, under Ind AS 17. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

On transition to Ind AS 116, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

(o) Income tax

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year as per the provisions of tax laws enacted in India and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (*Continued*)

4 Significant accounting policies (*Continued*)

(o) *Income tax (Continued)*

ii) **Deferred tax**

Deferred tax is recognised on deductible temporary differences between the carrying amounts of assets and liabilities in the standalone balance sheet and the corresponding tax bases used in the computation of taxable income, the carryforward of unused tax losses and the carry forward of unused tax credits.

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

Deferred tax liabilities are generally recognised for all deductible temporary differences. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognised. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognised.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences can be utilised. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognised.

Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

The Company accounts for the expected future benefit on account of the indexed cost of freehold land held by the Company as a deferred tax asset at the substantively enacted capital gains tax rate.

The Company reviews the carrying amount of deferred tax assets at the end of each reporting year and reduce amounts to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Presentation of current and deferred tax :

Current and deferred tax are recognised as income or an expense in the standalone statement of profit and loss, except when they relate to items that are recognised in Other Comprehensive Income/ Equity, in which case, the current and deferred tax income/ expense are recognised in Other Comprehensive Income/ Equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when they relate to income taxes levied by the same taxation authority.

iii) **Minimum Alternative Tax ('MAT')**

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the standalone statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as a deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the year for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

On March 30, 2019, MCA has issued amendment regarding the income tax Uncertainty over Income Tax Treatments. The notification clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the uncertain tax treatment. This notification is effective for annual reporting periods beginning on or after April 1, 2019. As per the Company's assessment, there are no material income tax uncertainties over income tax treatments.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (*Continued*)

4 Significant accounting policies (*Continued*)

(p) *Earnings per share*

The basic earnings per share (EPS) is computed by dividing the profit/loss attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive (potential) equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

(q) *Provisions and Contingencies*

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is more likely than not that an outflow of economic benefits will be required to settle the obligation. Provisions are discounted where the effect of discounting is material at a pre-tax rate that reflects current market assessments of the time value of money. Unwinding of the discount (accretion) is recognised as a finance cost. Discount rates are assessed and projected timing of future obligations each reporting year.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

(r) *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. It includes all borrowing costs which would have been avoided if the expenditure on the qualifying asset had not been made. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(s) *Share capital*

Common stock issued by the Company is classified as equity net of directly attributable expenses when there is no contractual obligation to transfer cash or other financial assets to the holder of shares. Incremental costs directly attributable to the issue of equity instruments are recognised in equity, net of tax.

Dividends and others distributions to holders of the Company's equity instruments are recognised directly in equity.

(t) *Investments*

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments.

Investment in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the standalone statement of profit and loss.

Cost of investments include acquisition charges such as brokerage, fees and duties.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies (*Continued*)

4 Significant accounting policies (*Continued*)

(u) Government grants

Grants and subsidies from the government are recognised if the following conditions are satisfied.

- There is reasonable assurance that the Company will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

Government grants are recognised in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.

Government grants are amortised to the standalone statement of profit and loss on a systematic basis over the years in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

(v) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting year, the impact of such events is adjusted with the standalone financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

(w) Segment reporting

For management purposes, the Company is organised into operating segments based on their products and services, which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the Managing Director and CEO of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

National Collateral Management Services Limited

Notes to the Standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

5 Property, plant and equipment and capital work-in- progress

Particulars	Free hold land	Warehouse buildings	Silo	Plant and equipments	Office buildings	Meteorological instruments++	Laboratory equipment	Computer hardware	Electrical installation and fittings	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles	Total assets
Cost :														
As at 1 April 2018	1,129.2	2,371.5	280.5	182.7	49.9	262.3	93.0	48.3	67.0	38.1	13.1	51.1	0.4	4,587.2
Add: Additions during the year	58.6	419.7	3.5	49.0	4.9	6.8	355.6	11.1	19.9	10.5	40.7	120.8	-	1,101.0
Less: Assets Retired	0.4	-	-	-	-	-	-	0.6	-	-	-	-	-	1.0
At 1 April 2019	1,187.4	2,791.2	284.0	231.7	54.9	269.1	448.6	58.7	86.9	48.6	53.8	172.0	0.4	5,687.2
Add: Additions during the year	16.2	30.4	2.5	0.7	-	9.7	2.0	2.0	-	1.5	-	5.6	-	70.6
At 31 March 2020	1,203.6	2,821.6	286.5	232.4	54.9	278.8	450.6	60.7	86.9	50.1	53.8	177.6	0.4	5,757.8
Depreciation :														
At 1 April 2018	-	109.5	5.2	44.7	2.2	211.1	72.3	40.7	22.0	21.4	6.7	28.2	0.4	564.4
Depreciation for the year	-	48.8	5.3	25.3	1.0	17.5	27.1	5.1	15.4	6.2	4.1	13.2	-	169.1
Less: on disposals	-	-	-	-	-	-	-	0.6	-	-	-	-	-	0.6
At 1 April 2019	-	158.3	10.5	70.0	3.2	228.6	99.4	45.2	37.4	27.6	10.8	41.4	0.4	732.9
Depreciation for the year	-	53.6	5.4	25.7	1.0	11.8	41.2	5.6	16.2	6.6	5.4	18.0	-	190.5
At 31 March 2020	-	211.9	15.9	95.7	4.2	240.4	140.6	50.8	53.6	34.2	16.2	59.4	0.4	923.4
Carrying amounts														
At 31 March 2019	1,187.4	2,632.9	273.5	161.7	51.7	40.5	349.2	13.5	49.5	21.0	43.0	130.5	0.0	4,954.3
At 31 March 2020	1,203.6	2,609.7	270.6	136.7	50.7	38.4	310.0	9.9	33.3	15.9	37.6	118.2	0.0	4,834.4

Capital work-in-progress	31 March 2020	31 March 2019
Opening balance	19.3	679.4
Additions during the year	60.5	440.9
Capitalised during the year	(70.6)	(1,101.0)
Closing balance	9.2	19.3

++ includes assets given on operating lease for a period of three years amounting to Nil (31 March 2019 : 27.5)

National Collateral Management Services Limited

Notes to the Standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

5 Property, plant and equipment and capital work-in- progress (Continued)

Notes:

1 Security

Long-term loan taken from Consortium of banks amounting to 3,749 (Yes Bank Ltd amounting to 100 ; ICICI Bank amounting to 57 and NABARD amounting to 392) and NCD issued to FMO amounting to 3,200 and (31 March 2019: 1,581 (Yes Bank Ltd amounting to 526 ; ICICI Bank amounting to 439 and NABARD amounting to 616) is secured by:

- First ranking pari passu mortgage and charge over the 21 immovable (whether tangible or intangible) project properties and assets (including Insurance Contracts), both present and future between NABARD and Debenture Holder, FMO and exclusive mortgage and charge over the 8 immovable (whether tangible or intangible) project properties and assets (including Insurance Contracts), both present and future with Debenture Holder, FMO. Security charge in respect of the Debentures has been created subsequent to 31 March 2020.

- Lien on respective fixed deposit provided to NABARD (Rs. 230), Yes bank (Rs. 110) and ICICI Bank (Rs. 66)

- Second ranking pari passu charge on the Current Assets, both present and future for Yes bank and ICICI bank

- Assignment of all the Clearances of the Obligor (to the extent assignable under Applicable Law and to the satisfaction of the Rupee Lender).

- First ranking pari passu assignment of the Obligor's rights under each of the Project Documents, Consents to Assignment from the relevant counterparties to such Project Documents to the satisfaction of the Facility Agent.

- First ranking pari passu charge on the Accounts formed under the Escrow Account Agreement and any other bank accounts of the Obligor or to be created by the Obligor under any Project Documents and all monies in such accounts.

- First ranking pari passu assignment on any letter of credit and/or performance bonds and/ or guarantee provided by any Contractor/ counter-party in favour of the Obligor.

2 Property, plant and equipments includes capitalised borrowing costs aggregating to Rs. 183 (31 March 2019: Rs. 183) related to the construction of warehouse, office building and set up of laboratory equipments calculated using a capitalisation rate of 8.50% to 10.70%.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees in Million)

6.1 Intangible assets

Particulars	Computer software	Total - Intangible assets
As at 1 April 2018	47.7	47.7
Add: Additions during the year	7.5	7.5
Less : Disposals during the year	-	-
At 31 March 2019	55.2	55.2
Add: Additions during the year	50.0	50.0
Less : Disposals during the year	-	-
At 31 March 2020	105.2	105.2
Amortisation:		
As at 1 April 2018	36.6	36.6
Amortisation for the year	6.0	6.0
Less: Disposals during the year	-	-
At 31 March 2019	42.6	42.6
Amortisation for the year	15.6	15.6
Less: Disposals during the year	-	-
At 31 March 2020	58.2	58.2
Carrying amounts		
At 31 March 2019	12.6	12.6
At 31 March 2020	47.0	47.0

6.2 Intangible assets under development

	31 March 2020	31 March 2019
Intangible assets under development - Computer Software	0.9	40.3

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
7 Investments		
(A) Investments in equity instruments		
(a) Wholly owned subsidiary company (at cost)		
(i) NCML Finance Private Limited 90,454,529 (31 March 2019: 90,454,529) Equity shares of INR 10 each, fully paid-up	1,034.7	1,034.7
(ii) NCML Mktyard Private Limited 5,000,000 (31 March 2019: 3,500,000) Equity shares of INR 10 each, fully paid-up	70.0	40.0
(iii) NCML Basti Private Limited 8,000,000 (31 March 2019: 8,000,000) Equity shares of INR 10 each, fully paid-up	80.0	80.0
(iv) NCML Varanasi Private Limited* 10,100,000 (31 March 2019: 10,100,000) Equity shares of INR 10 each, fully paid-up	101.0	101.0
(v) NCML Faizabad Private Limited 7,000,000 (31 March 2019: 7,000,000) Equity shares of INR 10 each, fully paid-up	70.0	70.0
(vi) NCML Batala Private Limited 12,000,000 (31 March 2019: 12,000,000) Equity shares of INR 10 each, fully paid-up	120.0	120.0
(vii) NCML Chhehreatta Private Limited 12,000,000 (31 March 2019: 12,000,000) Equity shares of INR 10 each, fully paid-up	120.0	120.0
(viii) NCML Deoria Private Limited 4,000,000 (31 March 2019: 4,000,000) Equity shares of INR 10 each, fully paid-up	40.0	40.0
(ix) NCML Palwal Private Limited* 4,000,000 (31 March 2019: 4,000,000) Equity shares of INR 10 each, fully paid-up	40.0	40.0
(x) NCML Bettiah Private Limited* 4,000,000 (31 March 2019: 4,000,000) Equity shares of INR 10 each, fully paid-up	40.0	40.0
(xi) NCML Bhattu Private Limited 6,000,000 (31 March 2019: 6,000,000) Equity shares of INR 10 each, fully paid-up	60.0	60.0
(xii) NCML Jalalabad Private Limited 4,000,000 (31 March 2019: 4,000,000) Equity shares of INR 10 each, fully paid-up	40.0	40.0
(xiii) NCML Sonapat Private Limited 11,000,000 (31 March 2019: 11,000,000) Equity shares of INR 10 each, fully paid-up	110.0	110.0
(xiv) NCML KB Private Limited 100,000 (31 March 2019: 100,000) Equity shares of INR 10 each, fully paid-up	1.0	1.0
(xv) NCML Saran Private Limited 100,000 (31 March 2019: 100,000) Equity shares of INR 10 each, fully paid-up	1.0	1.0
(xvi) NCML Madhepura Private Limited 100,000 (31 March 2019: 100,000) Equity shares of INR 10 each, fully paid-up	1.0	1.0
(xvii) NCML Motihari Private Limited 100,000 (31 March 2019: 100,000) Equity shares of INR 10 each, fully paid-up	1.0	1.0
(xviii) NCML Agribusiness Consultants Private Limited 300,000 (31 March 2019: 300,000) Equity shares of INR 10 each, fully paid-up	3.0	3.0
Total investment in subsidiaries	1,932.7	1,902.7
Less: Provision for impairment of Investment* (refer note 36 (a))	(74.4)	-
	1,858.3	1,902.7
Aggregate book value of unquoted non-current investments	1,932.7	1,902.7
Aggregate amount of impairment in value of investments	74.4	-
8 Loans		
<i>(Unsecured, considered good)</i>		
To parties other than related parties		
Security deposits	35.3	-

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
9 Other financial assets		
<i>(Unsecured, considered good)</i>		
To parties other than related parties		
Fixed deposits*	284.3	31.5
Interest receivable on fixed deposits	3.0	3.8
Advance paid towards investments	0.9	-
	-	-
	<u>288.2</u>	<u>35.3</u>
* Restrictions on fixed deposits		
Bank guarantee	22.3	9.1
Lien	262.0	22.3
	<u>284.3</u>	<u>31.4</u>
10 Deferred tax assets (net)		
Deferred tax assets (net) (refer note 39)	<u>457.9</u>	<u>191.2</u>
11 Other non-current assets		
<i>(Unsecured, considered good)</i>		
To parties other than related parties		
(a) Capital advances	48.3	8.8
(b) Advances other than capital advances		
(i) Balance with VAT authorities	-	11.9
(ii) Prepaid expenses	1.1	8.0
	<u>49.4</u>	<u>28.7</u>
12 Inventories		
<i>Stock in trade</i>		
<u>Commodity inventories at fair value</u>		
Commodities	52.1	497.9
<u>Inventories at the lower of cost and net realisable value</u>		
Commodities	638.2	3,166.0
Stores and consumables		
Consumables	15.5	15.6
Dunnage	3.0	3.1
	<u>708.8</u>	<u>3,682.6</u>

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
13 Trade receivables		
From parties other than related parties		
Secured, considered good	223.6	262.1
Unsecured, considered good	718.7	1,025.9
Unsecured, credit impaired	330.8	258.7
Provision for credit impaired	(330.8)	(258.7)
Total	<u><u>942.3</u></u>	<u><u>1,288.0</u></u>
The Company's trade receivables that are impaired and the movement of provision of doubtful debts are as follows:		
Trade receivables	1,273.1	1,546.7
Less : Provision for credit impaired	(330.8)	(258.7)
	<u><u>942.3</u></u>	<u><u>1,288.0</u></u>
Movement in provision for credit impaired account :		
Balance as at the beginning of the year	258.7	290.2
Charge for the year	72.1	-
Reversal of provision	-	(31.5)
Balance as at the end of the year	<u><u>330.8</u></u>	<u><u>258.7</u></u>
14 Cash and cash equivalents		
Balances with banks - in current accounts #	16.7	83.5
Cash on hand	0.0	0.1
	<u><u>16.7</u></u>	<u><u>83.6</u></u>
# The Company does not earn any interest on balances with banks in current accounts and daily operating account for transactions.		
15 Bank balances other than cash and cash equivalents		
Fixed deposit account with banks (with original maturity more than 3 months but less than 12 months)*	2,468.5	693.3
Other bank balances #	173.8	64.8
	<u><u>2,642.3</u></u>	<u><u>758.1</u></u>
* Restrictions on fixed deposits		
Bank guarantee	127.3	259.6
Lien	2,329.5	407.6
Against Bank overdraft	-	0.1
Letter of credit	11.7	26.0
	<u><u>2,468.5</u></u>	<u><u>693.3</u></u>

Other bank balance pertains to money lying in Subsidy Reserve Fund (SRF) account with NABARD and Yes Bank towards subsidy granted to the Company which will be adjusted against the loan amount received from NABARD and Yes Bank.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
16 Loans		
<i>(Unsecured, considered good)</i>		
Security deposits	78.0	119.2
Loan to Subsidiaries (refer note 36)*		
- considered good	2,226.0	1,930.4
- considered doubtful	232.2	-
	<u>2,458.3</u>	<u>1,930.4</u>
Less: Provision for impairment of loan	(232.2)	-
	<u><u>2,304.1</u></u>	<u><u>2,049.6</u></u>
* Includes interest accrued on loan to subsidiaries		
17 Other financial assets		
<i>(Unsecured, considered good)</i>		
(a) From related parties		
Receivable from subsidiaries (Refer Note 36)	54.1	29.4
(b) From parties other than related parties		
Other advances		
Insurance claim receivables	462.7	431.3
Compensation receivable	18.9	18.9
Interest receivable on income tax refund	14.9	23.3
Interest accrued on fixed deposits	17.3	13.3
Unbilled revenue	37.1	2.4
Amounts recoverable from rice millers		
- considered good	92.6	115.7
- considered doubtful	30.0	-
	<u>122.6</u>	<u>115.7</u>
Less: Provision for doubtful advances	(30.0)	-
	<u><u>697.6</u></u>	<u><u>634.3</u></u>
Sub- note :		
Receivable from subsidiary (unsecured good) includes amount receivable from following parties where Director of the Company is a director:		
NCML Finance Private Limited	18.4	11.7
NCML Mkyard Private Limited	30.0	17.7
NCML Agribusiness Consultants Private Limited	5.7	-
18 Other current assets		
<i>(Unsecured, considered good)</i>		
To parties other than related parties		
Balance with government authorities	40.8	127.6
Advance to suppliers	31.3	32.2
Advance to employees	34.7	31.5
Prepaid expenses	21.7	77.2
	<u>128.5</u>	<u>268.5</u>

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees in Million)

31 March 2020 31 March 2019

19.1 Equity share capital

Share capital

Authorised :

200,000,000 (31 March 2019 : 200,000,000) Equity shares of 10 each 2,000.0 2,000.0

Issued, subscribed and paid up

147,411,736 (31 March 2019 : 147,369,736) Equity shares of 10 each, fully paid up 1,474.1 1,473.7

1,474.1 1,473.7

- a) The reconciliation of the shares outstanding at the beginning and at the end of the year is as below:

	31 March 2020		31 March 2019	
	No. of shares	Amount (INR)	No. of shares	Amount (INR)
Number of equity shares at the beginning of the year	147,369,736	1,473,697,360	147,369,736	1,473,697,360
Equity shares issued during the year	42,000	420,000	-	-
Number of equity shares at the end of the year	147,411,736	1,474,117,360	147,369,736	1,473,697,360

- b) The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividends as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights can not be exercised in respect of shares on which any call or other sums presently payable have not been paid. On winding up of the Company, the holders of equity shares will be entitled to receive the residual to the number of equity shares held.

- c) Shares held by holding company

	31 March 2020		31 March 2019	
	Number of equity shares held	Amount (INR)	Number of equity shares held	Amount (INR)
Equity shares of Rs. 10 each fully paid up held by FIH Mauritius Investments Limited	131,941,286	1,319,412,860	131,941,286	1,319,412,860

- d) The details of shareholders holding more than 5% of the equity shares of the Company as at year end are as below :

Name of shareholders	31 March 2020		31 March 2019	
	Number of equity shares held	Percentage holding	Number of equity shares held	Percentage holding
FIH Mauritius Investments Limited	131,941,286	89.53%	131,941,286	89.53%

- e) Shares reserved for issue under options

(NCML 2014 Employee Stock Option Scheme)

NCML ESOP 2014 plan provides for the grant of stock options to eligible employees. The Board of Directors recommended NCML ESOP 2014 plan to shareholders on 1 September 2014 and the shareholders approved the recommendations of the board on 30 September 2014. The plan entitles key management personnel and senior employees to purchase shares in the company at the stipulated exercise price, subject to compliance with vesting conditions.

(NCML 2016 Employee Stock Option Scheme)

NCML ESOP 2016 plan provides for the grant of stock options to eligible employees. The Board of Directors recommended NCML ESOP 2016 plan to Shareholders on 5 August 2016 and the Shareholders approved the recommendations of the Board on 5 August 2016. The plan entitles key management personnel and senior employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
19.2 Other equity		
(i) Securities premium		
At the commencement and the end of the year (refer sub-note 1)	3,909.7	3,909.7
Securities premium received on issue of equity shares	0.6	-
	3,910.3	3,909.7
(ii) Retained earnings		
Opening balance	1,964.2	1,820.7
Transfer on account of ESOP vesting	1.8	-
(Loss)/Profit for the year	(596.8)	147.7
Remeasurement of the net defined benefit liability (net of tax)	(3.0)	0.8
Transferred to special reserve (refer sub-note 3)	(5.0)	(5.0)
Closing balance (refer sub-note 2)	1,361.2	1,964.2
(iii) Special reserve		
Opening balance	37.5	32.5
Transferred from surplus in statement of profit and loss	5.0	5.0
Closing balance (refer sub-note 3)	42.5	37.5
(iv) Share Options outstanding account		
At the commencement of the year	95.1	70.6
Employee compensation (credit)/ expense for the year	(63.3)	24.5
Closing balance (refer sub-note 4)	31.8	95.1
(v) Equity component of compound financial instrument	308.8	-
- equity component of compulsory convertible debentures (refer note 20.4)		
Total	5,654.6	6,006.5

Sub-note:

- 1 Securities premium is received pursuant to the further issue of equity shares at a premium net of the share issue expenses. This is a non-distributable reserve except for the following instances where the the share premium account may be applied;
 - i) towards the issue of unissued shares of the Company to the members of the Company as fully paid bonus shares;
 - ii) for the purchase of its own shares or other securities; and
 - iii) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares of the Company
- 2 Retained earnings represents the accumulated profits of the Company.
- 3 Special reserve - In view of contingencies as may arise due to the peculiar nature of the Company's business, a sum of 5 (31 March 2019: 5) has been transferred from surplus in the statement of profit and loss to Special Reserve.
- 4 Share Options outstanding account - represent the equity-settled shares and share options granted to employees . The reserve is made up of the cumulative value of services received from employees recorded over the vesting year commencing from the grant date of equity-settled shares and share options and is reduced by the expiry of the share options.

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
20 Borrowings (Non-current)		
<u>Secured loan:</u>		
<u>Term loan</u>		
(i) from banks (refer note (a) and (b) below)	144.4	782.0
(ii) from financial institutions (refer note (c) below)	168.0	392.0
(iii) from Non Convertible Debentures (refer note (f) below)	3,200.0	-
Less : Unamortised transaction cost	(58.0)	
<u>Unsecured loan</u>		
Compulsory Convertible Debentures (refer note 4 below)	732.6	-
	4,187.0	1,174.0

* Amount disclosed under "Other financial liabilities - Current maturities of long-term debt" 237 (31 March 2019: 407) (Refer note 23)

Sub-notes:

1 Nature of Security

Terms:

- (a) Long-term loan taken from Yes bank amounting to 100 (31 March - Term loan taken from Consortium of banks carries interest rate at 2019: 254) are secured by way on lein on Fixed deposit of Rs. 110 and base rate plus 0.25%, repayable in 32 unequal quarterly undermentioned security: installments starting from 30 June 2015
- (b) Long-term loan taken from ICICI Bank amounting to 57 (31 March - Term loan taken from ICICI banks carries interest rate at base 2019: 439) are secured by way on lein on Fixed deposit of Rs. 66 and rate plus 0.15%, repayable in 33 (thirty three) unequal quarterly undermentioned security: installments starting from 28 March 2016
- (c) Long-term loan taken from NABARD amounting to 392 (31 March - Term loan taken from NABARD at interest rate of 9.50% pa , 2019: 616) are secured by way on lein on Fixed deposit of Rs. 230 and repayable in 20 equal quarterly installments of Rs. 56 starting from 1 January 2017.
- (d) Long-term loan taken from Yes Bank amounting to NIL (31 March - Term loan taken from Yes Bank at interest rate as per three 2019: 162) is secured by undermentioned security: months marginal cost of lending rate, repayable in 35 un-equal quarterly installments starting from 30 September 2016. The loan has been repaid during the year.
- (e) Long-term loan taken from Yes Bank amounting to NIL (31 March - Term loan taken from Yes Bank carries interest rate at three 2019: 111) is secured by undermentioned security: months marginal cost of lending rate plus 0.25% repayable in 16 equally quarterly installments starting from 30 June 2017. The loan has been repaid during the year.
- (f) Long-term loan in the form of NCD issued to Debenture Holder- FMO - Long-term loan in the form of NCD carries interest rate 9.47% amounting to 3,200 (31 March 2019: NIL) is secured by p.a., repayable after 36 months (Rs. 213) and after 42 months (Rs. 2,987) or as may be extended in accordance with the terms of the undermentioned security: Debenture Trust Deed.

Security:

- First ranking pari passu mortgage and charge over the 21 immovable (whether tangible or intangible) project properties and assets (including Insurance Contracts), both present and future between NABARD and Debenture Holder, FMO and exclusive mortgage and charge over the 8 immovable (whether tangible or intangible) project properties and assets (including Insurance Contracts), both present and future with Debenture Holder, FMO. Security charge in respect of the Debentures has been created subsequent to 31 March 2020.

- Second ranking pari passu charge on the Current Assets, both present and future for Yes bank and ICICI bank

- Assignment of all the Clearances of the Obligor (to the extent assignable under Applicable Law and to the satisfaction of the Rupee Lenders)

- First ranking pari passu assignment of the Obligor's rights under each of the Project Documents, Consents to Assignment from the relevant counterparties to such Project Documents to the satisfaction of the Facility Agent

- First ranking pari passu charge on the respective Accounts formed under the Escrow Account Agreement and any other bank accounts of the Obligor or to be created by the Obligor under any Project Documents and all monies in such accounts

- Lien on respective Fixed Deposit provided to NABARD (Rs. 230), Yes bank (Rs. 110) and ICICI Bank (Rs. 66)

- First ranking pari passu assignment on any letter of credit and/or performance bonds and/ or guarantee provided by any Contractor/ counterparty in favour of the Obligor.

2 Default in repayment of principal and interest Nil (31 March 2019 : Nil)

3 The Company has not breached any covenants attached to the loans.

National Collateral Management Services Limited

Notes to the Standalone financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Million)

20 Borrowings (Non-current) (Continued)

Fair value and carrying value

	Interest rate	Maturity	31 March 2020	
			Fair value	Carrying amount
Non-current liabilities				
Secured loan:				
Term loan from Yes bank	8.80% to 9.66%	30 September 2023	100.0	100.0
Term loan from ICICI bank	8.90% to 9.30%	31 May 2024	57.0	57.0
Term loan from financial institutions - NABARD	9.50%	1 November 2021	392.0	392.0
Non-convertible debentures	9.47%	18 September 2023 or as extended in accordance with DTD	3,200.0	3,200.0
Unsecured loan - Compulsory convertible debentures			732.6	732.6
Total interest-bearing liabilities			4,481.6	4,481.6
Borrowings shown as current/ non current				
Current				237.0
Non- Current				4,244.6

	Interest rate	Maturity	31 March 2019	
			Fair value	Carrying amount
Non-current liabilities				
Secured loan:				
Term loan from Yes bank	8.80% to 9.66%	30 September 2023	253.6	253.6
Term loan from ICICI bank	8.9% to 8.99%	31 March 2024	439.1	439.1
Term loan from financial institutions - NABARD	9.50%	1 November 2021	616.0	616.0
Term loan from Yes bank	8.80% to 9.66%	30 June 2025	161.9	161.9
Term loan from Yes bank	8.80% to 9.66%	30 June 2021	110.8	110.8
Total interest-bearing liabilities			1,581.4	1,581.4
Borrowings shown as current/ non current				
Current				407.4
Non- Current				1,174.0

4. During the year ended 31 March 2020, the Company on a private placement basis offered to issue upto 112,000,000 unsecured compulsory convertible debentures (CCD) of Rs 10 each at par to the equity shareholders of the Company on its records as at 6 September 2019. Pursuant, to the offer the Holding Company, FIH Mauritius Investments Ltd, subscribed to 100,274,482 CCD, in the proportion of its holding. These CCD were subsequently allotted on 1 October 2019. The coupon rate for the compulsory convertible debentures is 12.50%.

	31 March 2020	31 March 2019
21 Provisions		
Provision for leave encashment (refer note 47)	30.7	26.6
	30.7	26.6
22 Other non-current liabilities		
Government grants (refer note 46)	155.3	112.9
	155.3	112.9

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
23 Borrowings (Current)		
<u>Secured loan:</u>		
(a) Loans repayable on demand		
From Banks		
Short term loans (refer sub-note 1)	2,263.0	3,303.7
Cash credit facility (refer sub-note 2)	216.5	309.6
Interest accrued but not due on term loans from banks	35.1	14.1
<u>Unsecured loan:</u>		
Commercial Papers	-	2,000.0
	2,514.6	5,627.4

Sub-notes:

1 Nature of Security

Terms:

Short-term loan taken from HDFC Bank amounting to 722 (31 March 2019 : 1,136) is secured by way of charge on stock of commodities and receivables, ranking pari passu among participating banks.)

Short-term loan carries interest in the range of 8.05% to 8.30% repayable over 3days to 76 days (31 March 2019 Short-term loan carries interest at 8.65% repayable over 78 days to 180 days)

Short-term loan taken from CITI Bank amounting to NIL (Secured by way of charge on stock of commodities and receivables, ranking pari passu among participating banks.) (31 March 2019 - 400)

The loan has been repaid during the year. (31 march 19 Short-term loan carries interest at 8.75% repayable over 60 days to 89 days)

Short- term loan taken from Karur Vysya Bank Limited amounting to 200 (31 March 2019: 200) is secured by way of charge on stock of commodities and receivables, ranking pari pasu among participating banks

Short-term loan carries interest at 9.40% repayable over 15 days to 19 days (31 March 2019 Short-term loan carries interest at 9.40% 200 repayable in 61 days)

Short-term loan and Buyer credit taken from Yes Bank amounting Rs. NIL (31 March 2019 : 772) is secured by way of charge on stock of term loan carries interest at 9.99% repayable in 30 days, Supplier commodities and receivables, ranking pari passu among participating banks.

The loan has been repaid during the year. (31 march 2019 'Short-term loan carries interest in the range of 3.15% to 3.31% repayable over 17 days to 36 days.)

Short-term loan taken from IDBI Bank amounting to 150 (31 March - 2019 :Nil) is secured by way of charge on stock of commodities and days (31 Mar 2019 - Nil) receivables, ranking pari passu among participating banks.

Short-term loan carries interest at 8.80% 150 repayable in 11

Short-term loan taken from IndusInd Bank amounting to 635 (31 March - 2019 :Nil) is secured by way of charge on stock of commodities and 55 days (31 March 2019 - NIL) receivables, ranking pari passu among participating banks.

Short-term loan carries interest at 9.55% repayable over 7 days to

Short - term loan taken as Commercial paper amounting to NIL (31 March 2019 : 2000) is unsecured.

The loan has been repaid during the year. (31 march 2019 Short-term loan carries interest in the range of 8.70% to 9.10% repayable in 90 days)

Short-term loan taken from Kotak Bank amounting to 556 (31 March 2019 :715) and buyers credit Rs. Nil (31 March 2019 :81) is secured by way of charge on stock of commodities and receivables, ranking pari passu among participating banks.

Short-term loan carries interest in the range of 8.40% to 8.50%repayable over 39 days to 79 days (31 March 2019 - Short-term loan carries interest in the range of 8.95% to 9.05% repayable over 60 days to 176 days and Supplier Credit carries interest at 3.17% repayable in 47 days)

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees in Million)

23 Borrowings (Current) (*Continued*)

2 Cash credit and overdraft facility from banks carry interest ranging between 9.00% - 10.65% p.a., computed on a monthly basis on the actual amount utilised, and are repayable on demand. Cash credit facility from bank is secured by way of charge on stock of commodities and receivables, ranking pari passu among participating banks.

3 Default in repayment of principal and interest Nil. (31 March 2019 : Nil).

4 The Company has not breached any covenants attached to the loans.

5 Fair value and carrying value

	Nominal interest rate	31 March 2020	
		Maturity	Fair Value
Current liabilities			
Secured cash credit facility	9.00% to 10.65%	Less than 1 year	216.5
Secured short term loan	8.05% to 9.65%	Less than 1 year	2,263.0
Total interest-bearing liabilities			2,479.5

	Nominal interest rate	31 March 2019	
		Maturity	Fair Value
Current liabilities			
Secured cash credit facility	8.80% to 10.60%	Less than 1 year	309.6
Secured short term loan*	8.65% to 9.99%	Less than 1 year	3,303.7
Commercial paper	8.70% to 9.10%	Less than 1 year	2,000.0
Total interest-bearing liabilities			5,613.3

* Secured Short Term loans includes Buyers Credit loan which are in foreign currency and interest rates ranges from 3.16% - 3.32%

24 Trade payables

Total outstanding dues of micro enterprise and small enterprise (refer note 53)	-	-
Total outstanding dues of creditors other than micro enterprise and small enterprise	254.6	259.0
	254.6	259.0

25 Other financial liabilities

Current maturities of long-term borrowings (Refer note 20)*	237.0	407.4
Retention money payable	-	14.8
Book overdraft	330.0	-
Payable towards property, plant and equipment	7.0	6.4
Payable to employees	14.6	7.7
	588.6	436.3

* Current maturities out of total long-term borrowings of INR 4,481.6 (31 March 2019 : INR 1,581.4).

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
26 Other current liabilities		
Statutory dues payable	33.6	35.3
Government grants (refer note 46)	2.7	2.6
Advance from customers	151.2	709.4
Other current liabilities	0.1	14.4
	<u>187.6</u>	<u>761.7</u>
27 Provisions		
Provision for leave encashment (refer note 47)	6.7	10.3
Provision for compensated absences	1.8	1.8
Provision for gratuity (refer note 47)	27.3	16.8
Provision for litigations (refer note 50)	394.2	411.5
Provision for future commitments (refer note 36(a))	20.2	-
	<u>450.2</u>	<u>440.4</u>

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
28 Revenue from operations		
(a) Sales of goods	6,643.1	10,557.1
(b) Sale of services :		
Warehousing services	1,317.5	1,600.5
Testing and certification	241.2	296.7
Weather and market intelligence	123.8	115.2
Lease revenue - weather stations	44.9	58.3
Vehicle management services	-	1.1
Construction contract revenue	5.7	-
(c) Other operating income :		
Deferred payment charge	182.9	376.7
	8,559.1	13,005.6
29 Other income		
Liabilities no longer required written back	-	15.2
Provision for doubtful debts written back	-	31.5
Guarantee commission	0.4	1.5
Gain on sale of asset (net)	-	3.3
Miscellaneous income	1.8	9.9
Income from shared services (refer note 36)	42.2	33.4
Government grants (refer note 46)	5.8	6.1
	50.2	100.9
30 Finance income		
Interest income on:		
- Fixed deposits	32.8	22.5
- loan to subsidiaries (refer note 36)	234.4	117.5
- Income tax refund	-	22.3
	267.2	162.3
31 Changes in inventories of stock-in-trade		
Opening stock - refer note 12		
Commodities at fair value	497.9	317.2
Commodities valued at lower of cost and net realisable value	3,166.0	5,458.5
	3,663.9	5,775.7
Less: Closing stock - refer note 12		
Commodities at fair value	52.1	497.9
Commodities valued at lower of cost and net realisable value	638.2	3,166.0
	690.3	3,663.9
	2,973.6	2,111.8

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
32 Employee benefits expense		
Salaries, wages and bonus	528.5	520.7
Contribution to provident fund and ESIC (refer note 47)	23.8	27.0
Contribution towards gratuity (refer note 47)	7.4	16.3
Shared based payments to employees (refer note 45)	(53.6)	24.5
Staff welfare expenses	14.2	13.4
	<u>520.3</u>	<u>601.9</u>
Less: Transfer to Assets under construction - salaries, wages and bonus	14.7	34.1
Less: Transfer to Assets under construction - Shared based payments to employees	-	1.0
Less: Recharged to subsidiaries - Shared based payments to employees (refer note 36)	(7.4)	9.5
Less: Recharged to subsidiaries (refer note 36)	116.3	109.7
	<u>396.7</u>	<u>447.6</u>
33 Finance costs		
Interest on short-term borrowings	373.8	432.1
Interest on long-term borrowings	123.6	163.7
Interest on non convertible debenture	43.4	-
Interest on compulsory convertible debentures (refer note 36)	11.6	-
Other borrowing costs - loan processing charges	0.5	0.1
Interest paid to related parties (refer note 36)	23.5	-
Interest - Right of use assets (refer note 37)	3.0	-
	<u>579.4</u>	<u>595.9</u>
Less: Transfer to Assets under construction	-	30.1
	<u>579.4</u>	<u>565.8</u>
34 Depreciation and amortisation		
Depreciation on property, plant and equipment (Refer note 5)	190.5	169.1
Amortisation on intangible assets (Refer note 6.1)	15.6	6.0
Amortisation on right of use assets (refer note 37)	13.2	-
	<u>219.3</u>	<u>175.1</u>

National Collateral Management Services Limited

Notes to the Standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
35 Other expenses		
Lease rentals:		
- Warehouse rent (refer note 37)	265.3	422.2
- Office rent (refer note 37)	50.3	53.5
Outsourcing expenses	144.5	234.2
Security expenses	59.4	99.8
Storage charges	63.8	81.2
Gunny bags consumed	-	36.3
Vehicle yard expenses	-	0.5
Dunnage and fumigation	36.6	31.7
Professional fees	81.1	45.0
Warehouse general expenses	131.4	110.6
Insurance	59.2	74.4
Freight inward	3.8	25.1
Weather station host charges	13.4	12.9
Loading and unloading charges	7.0	16.7
Lab consumables	6.1	6.3
Godown cleaning and maintenance expenses	4.7	7.2
Testing and certification charges	3.9	28.0
Travelling and conveyance expenses	86.9	127.2
Postage, courier and telephone charges	32.3	45.1
Cenvat credit expensed off	41.0	49.1
Repairs and maintenance - Others	53.4	43.1
Provision for doubtful debts	72.1	-
Provision for doubtful advances	30.0	-
Credit impaired assets	19.4	-
Electricity charges	35.9	27.2
Rates and taxes	8.2	6.4
Bank charges	19.7	19.2
Books and periodicals	0.9	2.5
Recruitment expenses	17.1	7.1
Payment to auditors (refer note 49)	2.7	2.8
Directors' sitting fees (refer note 36)	1.2	1.1
Corporate social responsibility expenses (refer note 51)	1.5	14.6
Commission expenses	0.0	0.3
Weather Station Expenses	40.8	47.9
Clearing and Forwarding expenses	0.2	72.3
Miscellaneous expenses	17.7	36.9
	1,411.5	1,788.4
Less: Transfer to Assets under construction - Office rent	-	16.4
	1,411.5	1,772.0

National Collateral Management Services Limited

Notes to the standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

35 Operating segments

a) Basis of segmentation:

The Company's operating segments are the strategic business units through which it operates and report the business: Warehousing services, Supply Chain, and Other Segments. Each of these segments has developed its own strategy, goals and tactics in alignment with Company's overall corporate strategy. Segment results are reviewed internally by the Managing Director and CEO on a regular basis for the purpose of making decisions regarding resource allocations and performance assessments. Segments have been identified in line with the Ind AS 108 "Operating Segments" taking into account the organisation structure as well as differential risks and returns of these Segments. The Company has disclosed all the Business Segments as the primary segment. There is no reportable Secondary segment (Geographical Segment). Inter-segment transactions are determined on arm's length basis. The measurement principles of segments are consistent with those used in significant accounting policies which are as under:

- a. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable.
- b. Segment assets and liabilities represent the assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

The following summary describes the operations of each reportable segments.

Reportable segment	Operations
Warehousing services	These include warehousing services in owned, leased, franchise as well as field warehouses. These activities also include custodial warehousing services for bank.
Supply Chain	Procurement, Trading and Supply Chain Solutions
Others	Other reportable segment comprise of: (i) Testing and certification - Testing the quality of commodities and issuing certificates regarding the same. (ii) Commodity and Weather intelligence - a) Price Polling is a neutral activity for collating spot price information for selected commodities on behalf of the clients. b) Weather Intelligence is an activity wherein weather data is collected from Meteorological Instruments and provided to the clients. c) Market Intelligence and Commodity Research reports are provided to the clients. (iii) Vehicle management services include custodial warehousing of vehicles for clients.

b) Information about reportable segments:

Particulars	Warehousing services	Supply Chain	Others	Total
Segmental revenue :				
External revenue	1,317.5	6,826.0	415.7	8,559.2
	(1,641.0)	(10,906.9)	(457.6)	(13,005.5)
Segmental expenses	1,104.7	6,859.2	419.6	8,383.5
	(1,425.1)	(10,286.1)	(371.1)	(12,082.3)
Segment Results	212.8	(33.2)	(3.9)	175.7
	(215.9)	(620.8)	(86.5)	(923.2)
Unallocated expenses				448.9
				(448.7)
Other income				50.2
				(100.9)
Finance income				267.2
				(162.3)
Finance costs				579.4
				(565.8)
Profit/(loss) before impairment of loans and investments and tax				(535.2)
				(171.9)
Impairment of investment in and loans to subsidiaries				326.8
				-
(Loss)/Profit before tax				(862.0)
				(171.9)
Tax expenses				(265.2)
				(24.2)
(Loss)/ Profit for the year				(596.8)
				(147.7)

National Collateral Management Services Limited

Notes to the standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

35 Operating segments (*Continued*)

b) Information about reportable segments: (*Continued*)

Particulars	Warehousing services	Supply Chain	Others	Total
Segment assets	6,038.9	998.5	844.3	7,881.7
	(5,707.9)	(4,005.3)	(950.0)	(10,665.2)
Unallocated assets				7,667.3
				(5,655.3)
Total assets				15,549.0
				(16,318.5)
Segment liabilities	661.1	176.7	78.2	916.0
	(410.5)	(813.3)	(11.4)	(1,235.2)
Unallocated liabilities				7,504.4
				(7,603.1)
Total Liabilities				8,420.4
				(8,838.3)
Depreciation	100.8		71.0	171.8
	(54.2)	-	(58.0)	(112.1)
Unallocable depreciation				48.5
				(63.0)
Total depreciation				219.3
				(175.1)
Capital Expenditure	33.6		11.7	45.3
	(497.0)	-	(362.4)	(859.4)
Unallocable Capital Expenditure				25.3
				(241.6)
Total Capital Expenditure				70.6
				(1,101.0)

Note: Comparative figures are given in brackets are for the year ended 31 March 2019

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

35 Operating segments (Continued)

d) Geographic information:

The Company primarily operates in domestic market ie in India , therefore disclosures relating to geographical segments is not applicable and accordingly not made.

e) Major customer :

There is no major customer during the year which generate revenue more than 10% and Revenue from two major customers of the Company of the supply chain segment represents approximately 2,673.4 (21% of total revenue from operations) of the Company's total revenues for the year ended 31 March 2019.

36 Related parties

In accordance with the requirements of Ind AS -24 " Related Party Disclosures" , following are the details of the transactions during the year with the related parties of the Company.

Name of the related party	Nature of relationship
Fairfax India Holdings Corporation (w.e.f. 19 August 2015)	Ultimate Holding Company
FIH Mauritius Investments Limited (w.e.f. 19 August 2015)	Holding Company
Mr. Sanjay Kaul (Managing Director and CEO) (Till 23 September	Key management personnel
Mr. Sanjay Kaul (Non-executive Chairman) (w.e.f. 24 September	Key management personnel
Mr. Siraj A. Chaudhry (Managing Director and CEO) (w.e.f. 24 September 2019)	Key management personnel
Mr. Unupom Kausik (Deputy Managing Director)	Key management personnel
Mr. Anuj Kumar Vasdev (Chief Financial Officer) (w.e.f. 20 Jan 2020)	Key management personnel
Mr. Ashok Dhamankar (Chief Financial Officer) (Till 17 July	Key management personnel
Mr. Sanjay Khare (Company Secretary) (Till 31 July 2019)	Key management personnel
Ms. Priya Vaishnav (Company Secretary) (w.e.f. 7 August 2019)	Key management personnel
Ms. Zohra Chatterji	Independent Director
Mr. Sunil Behari Mathur	Independent Director
Mr. Pravin Kumar Vohra	Independent Director
NCML Finance Private Limited (Formerly known as T G Finance Private Limited) (w.e.f. 12 February 2016)	Wholly owned subsidiary
NCML Mkyard Private Limited	Wholly owned subsidiary
NCML Basti Private Limited	Wholly owned subsidiary
NCML Varanasi Private Limited	Wholly owned subsidiary
NCML Faizabad Private Limited	Wholly owned subsidiary
NCML Batala Private Limited	Wholly owned subsidiary
NCML Chhehrea Private Limited	Wholly owned subsidiary
NCML Deoria Private Limited	Wholly owned subsidiary
NCML Palwal Private Limited	Wholly owned subsidiary
NCML Bettiah Private Limited	Wholly owned subsidiary
NCML Bhattu Private Limited	Wholly owned subsidiary
NCML Jalalabad Private Limited	Wholly owned subsidiary
NCML Sonepat Private Limited	Wholly owned subsidiary
NCML KB Private Limited	Wholly owned subsidiary
NCML Madhepura Private Limited (w.e.f. 23 January, 2019)	Wholly owned subsidiary
NCML Saran Private Limited (w.e.f. 29 January, 2019)	Wholly owned subsidiary
NCML Motihari Private Limited (w.e.f. 23 January, 2019)	Wholly owned subsidiary
NCML Agribusiness Consultants Pvt Ltd (w.e.f. 11 February, 2019)	Wholly owned subsidiary
Quess Corp Limited (Formerly known as IKYA Human Capital Solutions Ltd) (w.e.f. 19 August 2015)	Fellow subsidiary
Sterling Holidays Resorts Limited	Fellow subsidiary
Thomas Cook Limited (from 19 August 2015)	Fellow subsidiary

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

36 Related parties (Continued)

Subsidiaries:

Direct Subsidiaries

Name of the Company	Country of Incorporation	% Holding as on 31 March 2020	% Holding as on 31 March 2019
NCML Finance Private Limited	India	100.00	100.00
NCML Mkyard Private Limited	India	100.00	100.00
NCML Basti Private Limited	India	100.00	100.00
NCML Varanasi Private Limited	India	100.00	100.00
NCML Faizabad Private Limited	India	100.00	100.00
NCML Batala Private Limited	India	100.00	100.00
NCML Chhehreatta Private Limited	India	100.00	100.00
NCML Deoria Private Limited	India	100.00	100.00
NCML Palwal Private Limited	India	100.00	100.00
NCML Bettiah Private Limited	India	100.00	100.00
NCML Bhattu Private Limited	India	100.00	100.00
NCML Jalalabad Private Limited	India	100.00	100.00
NCML Sonepat Private Limited	India	100.00	100.00
NCML KB Private Limited	India	100.00	100.00
NCML Madhepura Private Limited	India	100.00	100.00
NCML Saran Private Limited	India	100.00	100.00
NCML Motihari Private Limited	India	100.00	100.00
NCML Agribusiness Consultants Private Limited	India	100.00	100.00

Transactions with holding company:

Related party	Nature of transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
FIH Mauritius Investments Limited	Issue of Unsecured Compulsory Convertible Debentures	1,002.7	-
FIH Mauritius Investments Limited	Interest Expenses	62.7	-

Transactions with key management personnel :

Related party	Nature of transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
Mr. Sanjay Kaul	Remuneration *	10.3	23.3
	Employee stock compensation expense	(7.8)	3.2
	Post employment benefits	0.1	1.2
	Consultancy Charges	10.4	-
Mr. Siraj A. Chaudhry (w.e.f. 24 September 2019)	Remuneration *	15.6	-
	Post employment benefits	1.3	-
Mr. Unupom Kashik	Remuneration *	13.3	13.2
	Employee stock compensation expense	(7.7)	3.1
	Post employment benefits	3.5	0.7
Mr. Anuj Kumar Vasdev (w.e.f. 20 Jan 2020)	Remuneration *	2.2	-
	Post employment benefits	0.0	-
Mr. Ashok Dhamankar (Till 17 July 2019)	Remuneration	2.8	9.5
	Employee stock compensation expense	(3.0)	1.2
	Post employment benefits	-	0.7
Mr. Sanjay Khare (Till 31 July 2019)	Remuneration	1.7	5.4
	Employee stock compensation expense	(2.0)	0.8
	Post employment benefits	-	0.7
Ms. Priya Vaishnav (w.e.f. 7 August 2019)	Remuneration	0.7	-
	Post employment benefits	-	-
Mr. Sunil Behari Mathur	Director Sitting Fees	0.3	0.3
Mr. Pravir Kumar Vohra	Director Sitting Fees	0.4	0.4
Ms. Zohra Chatterji	Director Sitting Fees	0.5	0.5

Note: Post employment benefits and other employee benefits (i.e. compensated absences) is based on the actuarial valuation and amounts are separately identifiable for year ended 31 March 2020 and 31 March 2019.

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

36 Related parties (Continued)

Transactions with Wholly Owned Subsidiaries and Fellow Subsidiaries

Related party	Nature of transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
Quess Corp Limited (Formerly known as IKYA Human Capital Solutions Ltd)(w.e.f. 19 August 2015)	Outsourcing expenses	142.0	200.5
Sterling Holidays Resorts Limited	Business Seminar Expenses	-	1.0
NCML Finance Private Limited (Formerly known as T G Finance Private Limited) (w.e.f. 12 February 2016)	Re-imbursement of expenses	13.6	17.4
	Recharge of ESOP Expenses		4.5
	Sale of Property, Plant and equipment		0.0
	Loan Given	50.0	625.0
	Repayment received	50.0	625.0
	Loan taken	1,400.0	100.0
	Repayment of loan	1,400.0	100.0
	Warehousing services	12.0	17.5
	Commission for corporate guarantee	0.4	1.5
	Interest Income	-	2.5
	Interest Expense	23.5	0.0
NCML Mktyard Private Limited	Investment in equity shares	30.0	10.0
	Services received	0.5	0.8
	Storage and CM Charges	0.1	0.1
	Recharge of ESOP Expenses	-	0.3
	Re-imbursement of expenses	18.8	18.0
NCML Basti Private Limited	Loan given	154.0	66.4
	Repayment of loan	152.7	-
	Re-imbursement of expenses	12.2	13.4
	Interest Income on loan and reimbursement of exp.	20.6	10.5
	Recharge of ESOP Expenses		0.3
NCML Varanasi Private Limited	Loan given	48.4	42.9
	Repayment of loan	0.2	3.5
	Re-imbursement of expenses	11.0	3.8
	Interest Income on loan and reimbursement of exp.	6.4	2.3
	Recharge of ESOP Expenses	-	0.3
	Impairment of investment in and loans	110.3	-
NCML Faizabad Private Limited	Loan given	172.4	96.4
	Repayment of loan	183.8	2.5
	Re-imbursement of expenses	10.8	9.2
	Interest Income on loan and reimbursement of exp.	19.1	6.2
	Recharge of ESOP Expenses	-	0.3

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

36 Related parties (Continued)

Transactions with Wholly Owned Subsidiary, Fellow Subsidiaries (Continued)

Related party	Nature of transaction	For the year	For the year
		ended 31 March 2020	ended 31 March 2019
NCML Batala Private Limited	Investment in equity shares		-
	Loan given	249.0	157.5
	Repayment of loan	291.0	4.5
	Re-imbursment of expenses	12.0	11.1
	Interest Income on loan and reimbursement of exp.	27.3	12.0
	Recharge of ESOP Expenses	-	0.3
NCML Chhehreatta Private Limited	Loan given	240.3	114.6
	Repayment of loan	350.9	12.0
	Re-imbursment of expenses	64.5	73.0
	Interest Income on loan and reimbursement of exp.	41.7	10.7
	Recharge of ESOP Expenses	-	0.3
NCML Deoria Private Limited	Loan given	114.9	82.0
	Repayment of loan	157.3	30.0
	Re-imbursment of expenses	8.9	9.2
	Interest Income on loan and reimbursement of exp.	13.4	4.7
	Recharge of ESOP Expenses	-	0.3
NCML Palwal Private Limited	Loan given	138.6	99.0
	Repayment of loan	150.7	3.3
	Re-imbursment of expenses	8.9	9.8
	Interest Income on loan and reimbursement of exp.	19.0	11.5
	Recharge of ESOP Expenses	-	0.3
	Impairment of investment in and loans	118.0	-
NCML Bettiah Private Limited	Loan given	20.2	12.3
	Repayment of loan	4.1	-
	Re-imbursment of expenses	9.7	10.5
	Interest Income on loan and reimbursement of exp.	4.7	1.4
	Recharge of ESOP Expenses	-	0.3
	Impairment of investment in and loans	98.6	-
NCML Bhattu Private Limited	Loan given	9.5	168.6
	Repayment of loan	445.6	-
	Re-imbursment of expenses	11.9	131.8
	Interest Income on loan and reimbursement of exp.	23.4	21.4
	Recharge of ESOP Expenses	-	0.3

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

36 Related parties (Continued)

Transactions with Wholly Owned Subsidiary, Fellow Subsidiaries (Continued)

Related party	Nature of transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
NCML Jalalabad Private Limited	Loan given	113.7	96.0
	Repayment of loan	162.4	10.3
	Re-imbursalment of expenses	9.5	9.7
	Interest Income on loan and reimbursement of exp.	14.0	8.1
	Recharge of ESOP Expenses	-	0.3
NCML Sonepat Private Limited	Loan given	251.6	87.7
	Repayment of loan	309.7	29.8
	Re-imbursalment of expenses	12.0	10.0
	Interest Income on loan and reimbursement of exp.	21.2	9.3
	Recharge of ESOP Expenses	-	0.3
NCML KB Private Limited	Loan given	51.7	251.8
	Repayment of loan	185.9	36.8
	Re-imbursalment of expenses	9.4	29.8
	Interest Income on loan and reimbursement of exp.	18.0	17.0
	Recharge of ESOP Expenses	-	0.3
NCML Madhepura Private Limited	Investment in equity shares	-	1.0
	Loan given	35.9	-
	Re-imbursalment of expenses	9.1	-
	Interest Income on loan and reimbursement of exp.	4.2	-
NCML Saran Private Limited	Investment in equity shares	-	1.0
	Loan given	0.3	-
	Repayment of loan	1.6	-
	Re-imbursalment of expenses	9.7	-
	Interest Income on loan and reimbursement of exp.	0.5	-
NCML Motihari Private Limited	Investment in equity shares	-	1.0
	Loan given	6.0	-
	Repayment of loan	0.2	-
	Re-imbursalment of expenses	10.2	-
	Interest Income on loan and reimbursement of exp.	0.8	-
NCML Agribusiness Consultants Private Limited	Investment in equity shares	-	3.0
	Re-imbursalment of expenses	4.0	-

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

36 Related parties (Continued)

Related party	Balances Outstanding	As on	
		31 March 2020	31 March 2019
FIH Mauritius Investments Limited	Interest Payable	62.7	-
Thomas Cook Limited (w.e.f. 19 August 2015)	Advance to Supplier	0.2	0.2
NCML Finance Private Limited (Formerly known as T G Finance Private Limited) (w.e.f. 12 February 2016)	Balance Receivable	18.4	11.7
	Guarantee outstanding	-	500.0
NCML Mktyard Private Limited	Balance Receivable	30.0	17.7
NCML Basti Private Limited	Loan, Expenses & Interest Receivable	207.9	158.9
NCML Varanasi Private Limited*	Loan, Expenses & Interest Receivable	71.4	49.9
NCML Faizabad Private Limited	Loan, Expenses & Interest Receivable	215.7	112.4
NCML Batala Private Limited	Loan, Expenses & Interest Receivable	307.9	202.7
NCML Chhheatta Private Limited	Loan, Expenses & Interest Receivable	425.1	251.8
NCML Deoria Private Limited	Loan, Expenses & Interest Receivable	149.8	77.7
NCML Palwal Private Limited*	Loan, Expenses & Interest Receivable	185.6	145.8
NCML Bettiah Private Limited*	Loan, Expenses & Interest Receivable	46.6	30.8
NCML Bhattu Private Limited	Loan, Expenses & Interest Receivable	194.1	382.8
NCML Jalalabad Private Limited	Loan, Expenses & Interest Receivable	152.8	111.5
NCML Sonapat Private Limited	Loan, Expenses & Interest Receivable	301.3	146.0
NCML KB Private Limited	Loan, Expenses & Interest Receivable	122.9	260.1
NCML Madhepura Private Limited	Loan, Expenses & Interest Receivable	10.8	-
NCML Saran Private Limited	Loan, Expenses & Interest Receivable	49.0	-
NCML Motihari Private Limited	Loan, Expenses & Interest Receivable	17.2	-
NCML Agribusiness Consultants Pvt Ltd	Balance Receivable	5.7	-

* Impairment of loan, expenses and interest receivable amounting to Rs. 232.2 (31 March 2019 Nil)

Terms and conditions of transactions with related parties

- (i) The sale of service to related parties are made on terms equivalent to those that prevail in arm's length transactions. Interest rate at which loan is received from the related party is also at arm's length. Outstanding balances at the year end are unsecured, interest free and will be settled in cash.
 - (ii) In case of amount receivable from related parties assessment is undertaken at each financial year through examining the financial position of the related party, the market in which the related party operates and the accounting policy of the Company.
- 36(a) During the year the management of the Company has decided not to pursue Silo Projects carried out by three of its subsidiaries for Food Corporation of India (FCI) due to issues such as land acquisition and delay in obtaining requisite approvals, permits, etc. Accordingly, management has assessed the carrying amount of the investments and loans in these subsidiaries and recognised an impairment loss aggregating to Rs 326.8 million in the standalone financial statements.

37 Disclosure on Ind-AS 116 Leases

Effective April 1, 2019, the Company has adopted Ind AS 116 'Leases', applied to all leases contracts existing on April 1, 2019 using the modified prospective method along with the transition option to recognise Right of Use asset (ROU) at an amount equal to the lease liability.

In standalone statement of profit and loss for the current year, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-of-use asset and finance costs for interest accrued on lease liability.

The effect of depreciation and interest related to Right Of Use Asset and Lease Liability are reflected in the statement Statement of Profit and Loss under the heading "Depreciation and Amortisation Expense" and "Finance costs" respectively under Note No 34 and 33.

Following are the changes in the carrying value of right of use assets for the year ended 31 March, 2020:

Particulars	For the year
	ended 31 March 2020
Balance as on April 1, 2019	81.6
Additions	-
Amortisation	(13.2)
Balance as on March 31, 2020	68.4

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

37 Disclosure on Ind-AS 116 Leases (Continued)

The following is the break-up of current and non-current lease liabilities as of 31 March, 2020:

Particulars	For the year ended 31 March 2020
Lease liabilities - Current	14.5
Lease liabilities - non-current	37.2
	51.7

The following is the movement in lease liabilities for the year ended 31 March, 2020:

Particulars	For the year ended 31 March 2020
Opening balance	81.6
Additions during the year	-
Interest charged	3.0
Payments made	(32.9)
Closing balance	51.7

Impact of adoption of Ind AS 116 for the year ended 31 March, 2020 is as follows:

Particulars	For the year ended 31 March 2020
Decrease in Other expenses by	(16.3)
Increase in Finance cost by	3.0
Increase in Depreciation by	13.2
Net Impact on the Statement of Profit and Loss	(0.1)

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases/Low value lease was Rs 315.6 lakhs for the year ended 31 March 2020.

Leases as lessor

The Company's leasing arrangements are in respect of operating leases for automatic weather stations for weather data provision. This leasing arrangements are for three years.

Operating lease revenue recognised in the statement of profit and loss for the year ended on 31 March 2020 aggregate to 44.9 (31 March 2019 : 58.3)

Operating lease commitments

	As at 31 March 2020	As at 31 March 2019
Non later than 1 year	-	45
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-

Operating lease expenses recognised in the statement of profit and loss for the year ended on 31 March 2020 aggregate to 324.5 (31 March 2019 : 459.2).

Operating lease commitments

	As at 31 March 2020	As at 31 March 2019
Non later than 1 year	15	21
Later than 1 year and not later than 5 years	27	-
Later than 5 years	10	-

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

38 Earnings per share

	For the year ended 31 March 2020	For the year ended 31 March 2019
Basic earnings per share		
(Loss)/Profit for the year attributable to the owners of the Company (INR) (A)	(596.8)	147.7
Number of equity shares outstanding at the beginning of the year (Nos)	147.4	147.4
Effects of equity share issued during the year	0.0	-
Total number of equity shares at the end of the year (Nos)	147.4	147.4
Weighted-average number of equity shares considered for basic earnings per share (based on date of issue of shares) (Nos) (B)	147.4	147.4
Basic earnings per share of face value of INR 10 each (A)/(B)	(4.0)	1.0
Dilutive earnings per share		
Weighted-average number of equity shares considered for basic earnings per share (based on date of issue of shares) (Nos)	147.4	147.4
Effect of dilutive potential equity shares		
No of employee stock options outstanding at the beginning of the year (Nos)	6.2	5.7
Issued / lapsed during the year (Nos)	(1.2)	1
No. of equity share to be issued on conversion of compulsory convertible debenture (Nos)	14.7	-
Total number of equity shares used to compute dilutive earning per share (Nos)	167.1	154
Weighted-average number of employee stock options / compulsory convertible debenture for dilutive earning per share (Nos) (C)	19.8	6
Weighted-average number of equity shares considered for dilutive earnings per share (based on date of issue of shares) (Nos) (D)=(B)+(C)	167.1	153
(Loss)/Profit for the year considered for dilutive earning per share (INR)	(553.4)	-
Dilutive earnings per share of face value of INR 10 each # (A)/(D)	(3.31)	0.96

Since the dilutive earning per share is anti-dilutive, dilutive earning per share is restricted to basic earning per share. (31 March 2019 Earnings per share has been retrospectively adjusted for the bonus element in respect of the rights issue.)

39 Income taxes

a) Amount recognised in the statement of profit and loss

	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax expense :		
Current year	-	31.0
	-	31.0
Deferred tax expense :		
Origination and reversal of temporary differences	(265.2)	(6.7)
	(265.2)	(6.7)
Tax expenses for current year	(265.2)	24.2
Tax expenses including earlier years	(265.2)	24.2

b) Amount recognised in OCI

	For the year ended 31 March 2020	For the year ended 31 March 2019
	Tax credit	Tax credit
Remeasurement gain / (losses) on post employment defined benefit plan	1.5	(0.4)

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

39 Income taxes (Continued)

c) Reconciliation of effective tax rate

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Percentage	Amount	Percentage	Amount
(Loss)/ Profit before tax		(862.0)		171.9
Tax using the Company's domestic tax rate	34.99%	(301.7)	34.99%	60.2
Tax effect of:				
Tax claim/deduction	9.70%	(83.6)	-17.21%	(29.6)
Tax adjustment on indexation of freehold land	1.17%	(10.1)	-6.57%	(11.3)
Non-deductible expenses	(0.22)	193.3	40.15%	69.0
Deferred tax asset recognised on carry forward losses	7.34%	(63.2)	(0.16)	(28.1)
Deferred tax asset not recognised	-	-	-	-
Recognition of MAT credit	0.00%	-	-18.02%	(31.0)
Others	0.00%	-	-2.90%	(5.0)
	<u>30.78</u>	<u>(265.3)</u>	<u>14.05</u>	<u>24.1</u>

d) Movement in deferred tax balances

	Net balances at 1 April 2019	Recognised in the statement of profit and loss	Recognised in OCI	Balance at 31 March 2020		
				Net	Deferred tax asset	Deferred tax liabilities
Property, plant and equipment and intangible	(44.1)	(34.0)	-	(34.0)		(78.1)
Tax adjustment on indexation of freehold land	81.1	10.1	-	10.1	91.3	-
MAT Credit Entitlement	90.0	-	-	-	90.0	-
Carry forward losses	28.1	63.2	-	63.2	91.3	-
Employee benefits	19.1	2.6	1.5	4.1	23.2	-
Trade and other receivables	90.4	25.2	-	25.2	115.6	-
Impairment of loans & Investments	-	124.6	-	124.6	124.6	-
MTM valuation of inventory	(73.4)	73.4	-	73.4	-	-
Tax assets (liabilities) before set-off	191.2	265.1	1.5	266.6	536.0	(78.1)
Set-off of deferred tax liabilities					(78.1)	
Net deferred tax assets/ (liabilities)					<u>457.9</u>	

	Net balances at 1 April 2018	Recognised in the statement of profit and loss	Recognised in OCI	Balance at 31 March 2019		
				Net	Deferred tax asset	Deferred tax liabilities
Property, plant and equipment and intangible	(24.4)	(19.7)	-	(19.7)		(44.1)
Tax adjustment on indexation of freehold land	69.8	11.3	-	11.3	81.1	-
MAT Credit Entitlement	59.0	31.0	-	31.0	90.0	-
Carry forward losses	-	28.1	-	28.1	28.1	-
Employee benefits	17.0	2.5	(0.4)	2.1	19.1	-
Trade and other receivables	101.4	(11.0)	-	(11.0)	90.4	-
Tax claim/deduction carried forward	-	-	-	-	-	-
MTM valuation of inventory	(33.0)	(40.3)	-	(40.3)		(73.4)
Other items	(5.0)	5.0	-	5.0		-
Tax assets (liabilities) before set-off	184.9	6.9	(0.4)	6.5	308.7	(117.5)
Set-off of deferred tax liabilities					(117.5)	
Net deferred tax assets/ (liabilities)				<u>6.5</u>	<u>191.2</u>	

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

39 Income taxes (Continued)

e) Unrecognised deferred tax assets

Deferred tax have not been recognised in respect of the following items, in absence of convincing evidence that future taxable profits will be available against which the Company can use the benefits therefrom.

	31 March 2020	31 March 2019
Tax claim/deduction carried forward	74.3	119.0

f) The Company has elected not to exercise the option permitted under section 115BAA of the Income Tax Act - 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Accordingly, the Company has continued to measure tax expenses for the year ended March 31, 2020 based on the old rates.

40 Contingent liabilities and commitments

a) Contingent liabilities

	31 March 2020	31 March 2019
(a) Claims against the Company not acknowledged as debts		
(i) Claim made by a party in respect of disposal activity undertaken by the Company	23.8	23.8
(ii) Claims made by certain parties in respect of warehousing services provided	413.3	373.9
(b) Bank guarantees given (including on behalf of subsidiaries)	1.1	505.1
(c) Other money for which the Company is contingently liable:	-	-
(i) Disputed Orissa VAT liability	-	11.5
(ii) Disputed Orissa Entry tax	-	0.7
(d) Guarantee given on behalf of subsidiary	325.3	-
	<u>763.5</u>	<u>915.0</u>

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its standalone financial statements. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.

b) The Company was engaged as an agency of FCI for procurement of paddy and wheat during Kharif Marketing Season 2007-08 and Rabi Marketing Season 2008-09 in the states of Odisha, MP and Bihar. Procurement dues have been paid as per the provisional costing sheet issued by Government of India, except the last part of invoices in respect of which the outstanding amount as on 31 March 2020 was 128.9. The details of outstanding amount are as under:

- 105.1 towards the item in the costing sheet relating to commission to societies which has been recommended by FCI and has been approved by Government of India. However, FCI is yet to make the payment and the Company has made a provision for the full amount.
- 20.8 towards withheld storage rent, that has been temporarily set off against procurement dues of Madhya Pradesh and which has been approved for payment by FCI Headquarters, but payments are not yet released.
- In the meantime, the Company has made a claim of compensation of 192.9 to FCI against delayed payment towards settlement of bills. The time frame for actual recovery against this claim is uncertain and hence revenue has not been recognised.

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

41 Financial instruments

The carrying value and fair value of financial instruments by categories as of March 31, 2020, and March 31, 2019 were as follows:

	31 March 2020		
	Amortised Cost	Total carrying value	Total fair value
Financial assets:			
Trade receivables (Refer note 12)	942.3	942.3	942.3
Cash and cash equivalents (Refer note 13)	16.7	16.7	16.7
Bank balances other than cash and cash equivalents (Refer note 14)	2,642.3	2,642.3	2,642.3
Loans (Refer note 8 and 15)	2,339.3	2,339.3	2,339.3
Other financial assets (Refer note 9 and 16)	985.8	985.8	985.8
	<u>6,926.4</u>	<u>6,926.4</u>	<u>6,926.4</u>
Financial liabilities:			
Borrowings (Refer note 20, 23 and 25)	6,903.5	6,903.5	6,903.5
Trade payables (Refer note 24)	254.6	254.6	254.6
Other financial liabilities (Refer note 25)	351.6	351.6	351.6
	<u>7,509.7</u>	<u>7,509.7</u>	<u>7,509.7</u>

	31 March 2019		
	Amortised Cost	Total carrying value	Total fair value
Financial assets:			
Trade receivables (Refer note 12)	1,288.0	1,288.0	1,288.0
Cash and cash equivalents (Refer note 13)	83.6	83.6	83.6
Bank balances other than cash and cash equivalents (Refer note 14)	758.1	758.1	758.1
Loans (Refer note 8 and 15)	2,049.6	2,049.6	2,049.6
Other financial assets (Refer note 9 and 16)	553.9	553.9	553.9
	<u>4,733.2</u>	<u>4,733.2</u>	<u>4,733.2</u>
Financial liabilities:			
Borrowings (Refer note 20, 23 and 25)	7,194.7	7,194.7	7,194.7
Trade payables (Refer note 24)	259.0	259.0	259.0
Other financial liabilities (Refer note 25)	28.8	28.8	28.8
	<u>7,482.5</u>	<u>7,482.5</u>	<u>7,482.5</u>

42 Fair values and measurement principles

a) Assets and liabilities carried at fair values :

The following table shows the fair values of assets, liabilities and equity, including their levels in the fair value hierarchy. It does not include fair value information for assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The Company's use of quoted market prices (Level 1), valuation models using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities and contracts by type of issuer was as follows:

	31 March 2020			31 March 2019		
	Quoted price (Level 1)	Other observable input (Level 2)	Significant unobservable input (Level 3)	Quoted price (Level 1)	Other observable input (Level 2)	Significant unobservable input (Level 3)
Non-financial assets						
Inventories	52.1	-	-	497.9	-	-

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

42 Fair values and measurement principles (Continued)

b) Measurement of fair values

Valuation techniques and significant unobservable inputs :

Particular	Valuation technique	Inputs	Inter-relationship between key unobservable inputs and fair value measurement
Inventory	The fair values are based on the market price of commodities of similar weight and market values.	Quoted market prices	Not applicable.

c) Transfers between

There were no transfers in either direction for year ended 31 March 2020 and 31 March 2019.

43 Financial risk management objectives and policies

Risk management framework

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

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposed to market risk, credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Interest rate risk

Exposure to interest rate risk:

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

	31 March 2020	31 March 2019
Fixed rate instruments :		
Financial asset	2,752.8	724.8
Financial liabilities	(168.0)	(392.0)
	<u>2,584.8</u>	<u>332.8</u>
Variable rate instruments :		
Financial liabilities	(6,770.6)	(6,816.8)

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

43 Financial risk management objectives and policies (Continued)

a) Market risk (Continued)

i) Interest rate risk (Continued)

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below.

	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 March 2020				
Secured bank loan - Long term	(1.4)	1.4	(1.0)	1.0
Cash credit facility	(2.2)	2.2	(1.4)	1.4
Variable-rate instruments	(3.6)	3.6	(2.4)	2.4
31 March 2019				
Secured bank loan - Long term	(9.7)	9.7	(6.4)	6.4
Cash credit facility	(3.1)	3.1	(2.0)	2.0
Variable-rate instruments	(12.8)	12.8	(8.4)	8.4

ii) Market Risk- Foreign currency risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its purchases of commodities from overseas suppliers in various foreign currencies.

Derivative instruments and unhedged foreign currency exposure

a) Contracts outstanding as on 31 March 2020

Particulars	Currency	As at 31 March 2020		As at 31 March 2019	
		In FX million	INR in million	In FX million	INR in million
Forward contracts to buy USD	USD	-	-	14.6	1,008.5

Derivative financial instruments such as foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

b) Particulars of unhedged foreign currency exposures as at 31 March 2020

Particulars	Currency	As at 31 March 2020		As at 31 March 2019	
		In FX million	INR in million	In FX million	INR in million
Import of commodities on behalf of domestic clients	USD	-	-	1.7	118.4
Import of Capital Goods	USD	0.1	5.0	-	-
Interest accrued but not due on Buyer's Credit	USD	-	-	0.0	1

FEDAI rate as on 31 March 2020 : 75.39 has been considered for conversion from foreign currency to reporting currency.

iii) Commodities traded by the Company are subject to fluctuations due to a number of factors that result in price risk. The Company's trading market risk appetite is determined by the Managing Director and CEO in consultation with the Board of directors.

b) Credit risk

Credit risk is limited to the risk arising from the inability of a customer to make payment when due. It is the Company's policy to provide credit terms only to creditworthy customers. These debts are continually monitored and therefore, the Company does not expect to incur material credit losses.

The carrying amounts of trade and other receivables, advances to suppliers, cash and short-term deposits payments, interest receivable on deposits and customer receivables represent the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. Deposits and cash balances are placed with reputable banks.

The details of concentration of revenue are included in the Note 35.

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

43 Financial risk management objectives and policies (Continued)

ii) Credit risk

Exposure to credit risk

In line with the prevalent trade practices in India, the Company realises its trade receivables over a period of 60-180 days from the date of invoice. At the balance sheet date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets. The Company's maximum exposure to credit risk for trade receivables at the balance sheet date is as follows:

	31 March 2020	31 March 2019
By Operating segments:		
Supply Chain	231.0	208.8
Warehousing services	543.0	757.4
Other reportable segment	499.2	580.5
	<u>1,273.2</u>	<u>1,546.7</u>

Impairment

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements are reviewed by segment heads annually.

The ageing of trade receivables that were not impaired was as follows:

	31 March 2020	31 March 2019
Neither past due nor	-	-
Past due 1 – 6 months	523.8	728.7
Past due 6 - 12 months	68.7	172.1
Past due 12 months*	349.8	387.2
	<u>942.3</u>	<u>1,288.0</u>

* Debtors outstanding for more than 12 months are mainly receivable from banks and secured by stock.

c) 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 delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To ensure continuity of funding, the Company primarily uses short-term bank facilities in nature of cash credit facility, bank overdraft facility and short term borrowings, to fund its ongoing working capital requirement and growth needs.

Further, the Company has obtained long-term secured borrowings from banks to fund its warehouse construction from banks and financial institutions as referred in note 20.

Exposure to liquidity risk

The table below summarises the maturity profile of the Company's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations;

	Contractual cash flows			Total
	One year or less	1 - 5 years	More than 5 years	
	31 March 2020			
Non-derivative financial liabilities				
Borrowings (Refer note 20,23 and 25)	2,716.5	4,187.0	-	6,903.5
Other non-current financial liabilities (Refer note 22)		155.3		155.3
Trade payables (Refer note 24)	254.6	-	-	254.6
Other financial liabilities (Refer note 25)	351.6	-	-	351.6
	<u>3,322.7</u>	<u>4,342.3</u>	<u>-</u>	<u>7,665.0</u>

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

44 Financial risk management (Continued)

c) Liquidity risk (Continued)

	Contractual cash flows			Total
	One year or less	1 - 5 years	More than 5 years	
31 March 2019				
Non-derivative financial liabilities				
Borrowings (Refer note 20,23 and 25)	6,144.1	1,336.1	4.2	7,484.4
Other non-current financial liabilities (Refer note 22)		112.9		112.9
Trade payables (Refer note 24)	259.0	-	-	259.0
Other financial liabilities (Refer note 25)	28.8	-	-	28.8
	6,431.9	1,449.0	4.2	7,885.1

45 Employee share-based payment plans

a) Description of share-based payment arrangements:

As at 31 March 2020, the Company has the following share-based payment arrangements for employees.

(‘NCML 2014 Employee Stock Option Scheme’)

NCML 2014 ESOP plan provides for the grant of stock options to eligible employees. The Board of Directors recommended NCML 2014 ESOP plan to Shareholders on 1 September 2014 and the Shareholders approved the recommendations of the Board on 30 September 2014. The plan entitles key management personnel and senior employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions.

The terms and conditions related to the grant of the share options are as follows:

Employees entitled	Number of options	Vesting conditions	Contractual life of options
MD and CEO	100,000	- Continued employment with the Company - Performance parameters and appraisal set by Board	4 years
Deputy CEO	150,000	- Continued employment with the Company - Performance parameters and appraisal set by Board	4 years
Senior employees	460,000	- Continued employment with the Company - Performance parameters and appraisal set by Board	4 years

(‘NCML 2016 Employee Stock Option Scheme’)

NCML 2016 ESOP plan provides for the grant of stock options to eligible employees. The Board of Directors recommended NCML 2016 ESOP plan to Shareholders on 5 August 2016 and the Shareholders approved the recommendations of the Board on 5 August 2016. The plan entitles key management personnel and senior employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions.

The terms and conditions related to the grant of the share options are as follows:

Employees entitled	Number of options	Vesting conditions	Contractual life of options
MD and CEO	735,000	- Continued employment with the Company Attainment of certain financial parameters as set out by the Board	5 years
Deputy CEO	605,000	- Continued employment with the Company Attainment of certain financial parameters as set out by the Board	5 years
Senior employees	4,150,000	- Continued employment with the Company Attainment of certain financial parameters as set out by the Board	5 years

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

45 Employee share-based payment plans (Continued)

b) Measurement of fair value :

The fair value of the employee share options granted during the year was determined using the Black-Scholes-Merton formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plan were as follows:

Particular	NCML 2016 Employee Stock Option Scheme		NCML 2014 Employee Stock Option Scheme	
	Option - 4	Option - 3	Option - 2	Option - 1
Fair value of the option at grant date	INR 27.31	INR 29.18	INR 67.12	INR 52.13
Share price at grant date	INR 82.01	INR 86.71	INR 85.74	INR 75.81
Exercise price	INR 78.00	INR 76.98	INR 33.45	INR 23.68
Expected volatility (weighted average)	0.79	0.76	1.00	1.00
Expected life (weighted average)	5 years	5 years	2.67 years	4 years
Expected dividend	Nil	Nil	Nil	Nil
Risk-free interest rate (based on government bond)	6.66% p.a.	6.82% p.a.	7.79% p.a.	7.79% p.a.

c) Reconciliation of outstanding stock options :

The number and weighted-average exercise prices of share options under the stock option were as follows.

Particular	Weighted average exercise price	01-Apr-19	Movement from 1 April 2019 to 31 March 2020				Cash settled	Outstanding as on 31 March 2019
		No. of options (Nos)	Granted	Forfeited	Expired	Exercised		
ESOP 2014	23.68	560,000	42,000	12,000	-	-	182,000	324,000
ESOP 2014	33.45	150,000	-	-	-	-	-	150,000
ESOP 2016	76.98	4,990,000	-	915,000	-	-	-	4,075,000
ESOP 2016	99.28	500,000	-	-	-	-	-	500,000
Total		6,200,000	42,000	927,000	-	-	182,000	5,049,000

The options outstanding at 31 March 2019 have an exercise price and a weighted average contractual life as given below:

	31 March 2020			31 March 2019		
	No. of options	Exercise price	Weighted average remaining life	No. of options	Exercise price	Weighted average remaining life
NCML 2014 ESOP	324,000	23.68	-	560,000	23.68	-
NCML 2014 ESOP	150,000	33.45	-	150,000	33.45	0.17 years
NCML 2016 ESOP	3,570,000	76.98	1.35 years	4,470,000	76.98	2.35 years
NCML 2016 ESOP	505,000	78.00	2.30 years	520,000	76.98	3.30 years
NCML 2016 ESOP	500,000	99.28	3.75 years	500,000	99.28	4.75 years

d) Expense recognised in the standalone statement of profit and loss:

	For the year ended 31 March 2020	For the year ended 31 March 2019
NCML 2014 ESOP	(12.2)	2.4
NCML 2016 ESOP	(41.4)	22.2
Total expense recognised in 'employee benefits expenses'	(53.6)	24.5

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

46 Government grants

	31 March 2020	31 March 2019
At 1 April 2019/ 2018	115.5	119.6
Received during the year	48.3	2.0
Released to the statement of profit and loss	(5.8)	(6.1)
At 31 March 2020 / 2019	158.0	115.5
Current	2.7	2.6
Non-current	155.3	112.9
	158.0	115.5

Government grants have been received for the construction of warehouse and purchase of laboratory equipment. The Company has received subsidy in advance for construction of warehouse subject to the fulfilment of below mentioned conditions.

Subsidy received from	Amount	Conditions or contingencies attached to these grants
National Bank for Agriculture and Rural Development	48	i) Project shall be completed in 18 months from the disbursement of loan ii) Non-fulfilment of condition (i) will attract penalty of 1% for each defaulted month. (iii) Successful completion of the joint inspection by the financial institutions.

47 Disclosure pursuant to 'Employee benefits'

Contribution to provident fund and ESIC

Amount of 23.8 (31 March 2019: 27.0) is recognised as expenses in the standalone statement of profit and loss and included in 'Employee benefits expense'.

Defined benefit plan and long-term employment benefit

General description

Gratuity (Defined benefit plan)

The Company has defined benefit gratuity plan administered through Company gratuity scheme with Life Insurance Corporation of India. The expected return on plan assets is based on market expectation at the beginning of the year, for the returns over the entire life of the related obligation. Amount of Rs.7.4 (31 March 2019: 16.3) has been recognised in the standalone statement of profit and loss on account of provision for gratuity benefit.

Disclosure pursuant to IND AS 19 'Employee benefits'

		Gratuity	
		31-Mar-20	31-Mar-19
A	Change in present value of the obligation		
	1. Obligation at the beginning of the year	50.2	43.5
	2. Current service cost	10.4	11.1
	3. Interest cost	3.2	3.2
	4. Benefits paid	(17.1)	(4.0)
	5. Adjustment for earlier years	-	-
	6. Actuarial (loss) on obligation	4.1	(3.5)
	7. Obligation at the end of the year	50.8	50.2
B	Change in fair value of plan assets		
	1. Fair value of plan assets at the beginning of the year	33.4	22.8
	2. Adjustment to Opening Fair Value of Plan Assets	1.8	5.7
	3. Expected return on plan assets	2.2	2.4
	4. Contributions	3.7	8.8
	5. Benefits paid	(17.1)	(4.0)
	6. Actuarial (loss) on plan assets	(0.4)	(2.3)
	7. Fair value of plan assets at the end of the year	23.6	33.4
C	Expense recognised in the statement of profit and loss for the year		
	1. Current service cost	10.4	11.1
	2. Interest cost	1.0	0.8
	3. Expected return on plan assets	(0.4)	(2.3)
	5. Total expense	11.0	9.6

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

47 Disclosure pursuant to 'Employee benefits' (Continued)

		Gratuity	
		31-Mar-20	31-Mar-19
D	Expense recognised in the statement of other comprehensive income		
	Actuarial (loss)	4.1	(3.5)
	Return on plan assets excluding interest income	0.4	2.3
		4.5	(1.2)
E	Net (liability) recognised in the balance sheet		
1.	Present value of the obligation	50.8	50.2
2.	Fair value of plan assets	23.5	33.4
3.	Funded status	(27.3)	(16.8)
4.	Net (liability) recognised in the balance sheet.	(27.3)	(16.8)
F	Actual return on plan assets		
1.	Expected return on plan assets	2.2	2.4
2.	Actuarial (loss) on plan assets	(0.4)	(2.3)
3.	Actual return on plan assets	1.8	0.1
G	Actuarial assumptions		
1.	Rate of increase in compensation	5.00%	5.00%
2.	Mortality rate	IALM (2006-08) Ult.	IALM (2006-08) Ult.
3.	Expected return on plan assets	6.80%	7.64%
4.	Discount	6.80%	7.64%

Plan assets comprise of insured managed funds.

47 Disclosure pursuant to 'Employee benefits' (Continued)

Sensitivity Analysis	DR Discount Rate		ER: Salary Escalation Rate	
	PVO DR +1%	PVO DR -1%	PVO ER +1%	PVO ER -1%
Present Value of Obligations	45.5	57.1	57.1	45.4

Expected Payout

Year	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6 to 10
PVO Payouts	3.0	1.2	1.4	1.2	5.4	15.2

Future changes in maximum state healthcare benefits	31-Mar-20	31-Mar-19
Weighted average duration of the defined benefit obligation	17.45	17.87
Retirement Age	58 years	58 years
Employee Attrition Rate	Upto Age 35	3%
	36 to 45	2%
	46 and above	1%

The estimate of future salary increase, considered in the actuarial valuation, takes account of inflation, security, promotion and other relevant factors such as supply and demand in the employment market.

Gratuity is payable to all the eligible employees of the Company on leaving / retirement from services, death and permanent disablement, in terms of provision of the Payment of Gratuity Act, 1972. Broad category of plan assets relating to gratuity as a percentage of total plan assets. The Company's gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.

Leave encashment

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date. Amount of Rs. 14.0 (31 March 2019: 8.8) has been recognised in the statement of profit and loss on account of provision for employment benefit.

Short-term compensated absences

Provision for short-term compensated absences is made for privilege leave and sick leave outstanding at the year end which can be availed within 12 months from the end of the year. Amount of 1.8 (31 March 2019: 1.8) has been recognised in the statement of profit and loss on account of provision for compensated absence for leave balances.

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

48 Capital management

The Company manages the capital structure by a balanced mix of debt and equity. Necessary adjustments are made in the capital structure considering the factors vis-a-vis the changes in the general economic conditions, available options of financing and the impact of the same on the liquidity position. Higher leverage is used for funding more liquid working capital needs and conservative leverage is used for long-term capital investments. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2020. The Company calculates the level of debt capital required to finance the working capital requirements using traditional and modified financial metrics including leverage/gearing ratios and asset turnover ratios.

As of balance sheet date, leverage ratios is as follows:

	31 March 2020	31 March 2019
Total financial liabilities (Refer note 19, 22,23 and 24)	7,544.8	7,496.6
Less: cash and bank balances (Refer note 8, 13 and 14)	2,943.3	873.1
Adjusted net debt	4,601.5	6,623.5
Total equity (Refer note 18.1 and 18.2)	7,128.7	7,480.2
Less: Other components of equity (ESOP outstanding)	31.8	95.1
Adjusted equity	7,096.9	7,385.1
Adjusted net debt to adjusted equity ratio (times)	0.6	0.9

49 Payment to auditors (exclusive of GST)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Statutory audit fees	1.8	1.6
Tax audit fees	0.3	0.3
Other services	1.0	0.7
Out of pocket expenses	0.0	0.2
Total	3.1	2.8

50 Provision for litigations

Provision for contingencies is primarily on account of various provisions towards the outstanding claims / litigations against the Company, which are expected to be utilised on closure of the litigations. The Company has paid certain amounts under dispute against these claims / litigations.

The following table set forth the movement in the provision for litigations :

Description	As at 1 April 2019	Additions during the year	Utilisation during the year	As at 31 March 2020
Provision for litigation	412	118	136	394

Description	As at 1 April 2018	Additions during the year	Utilisation during the year	As at 31 March 2019
Provision for litigation	189	223	-	412

51 Corporate social responsibility expenses

During the year, the Company has spent 1.5 (31 March 2019: 14.6) towards corporate social responsibility.

(a) Gross amount required to be spent by the Company during the year ended 31 March 2020 6.3 (31 March 2019: 7.8)

(b) Amount spent during the year :

	In Cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	1.5	-	1.5

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

52 Disclosure pursuant to Section 186 of the Act

The details of investment under Section 186 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 are as follows:

- a. Details of investment and guarantees made by the Company as on 31 March 2020 (including investments made in the previous years)

Relations of the entity	Associate
As at 31 March 2019	1,902.7
Investment made during the year	
NCML Mktyard Private Limited	30.0
As at 31 March 2020	1,932.7
Loans & Interest Receivable	Wholly Owned
As at 31 March 2020	
NCML Finance Private Limited	18.4
NCML Mktyard Private Limited	30.0
NCML Basti Private Limited	207.9
NCML Varanasi Private Limited	71.4
NCML Faizabad Private Limited	215.7
NCML Batala Private Limited	307.9
NCML Chhehreatta Private Limited	425.1
NCML Deoria Private Limited	149.8
NCML Palwal Private Limited	185.6
NCML Bettiah Private Limited	46.6
NCML Bhattu Private Limited	194.1
NCML Jalalabad Private Limited	152.8
NCML Sonepat Private Limited	301.3
NCML KB Private Limited	122.9
NCML Madhepura Private Limited	10.8
NCML Saran Private Limited	49.0
NCML Motihari Private Limited	17.2
NCML Agribusiness Consultants Pvt Ltd	5.7
	2,512.2
Guarantees Given	
NCML Finance Private Limited	-

53 Dues of micro, small and medium enterprises:

Under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprise. On the basis of the information and records available with the Management, the creditors of the Company are not registered under the Micro Small and Medium Enterprises Development Act, 2006.

Particulars	31 March 2020	31 March 2019
Principal amount remaining unpaid to any supplier as at the year	-	-
Interest due thereon	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

National Collateral Management Services Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

54 Disclosure under Ind AS -115

(a) The Company through its pan-India presence, in owned, leased as well as field warehouses, provides commodity handling and risk management services to clients across the country. The Company is geared to handle operations encompassing the sale, purchase, trading, storage and movement of commodities and inventories. The effect of initially applying Ind AS 115 on the Company's revenue from contracts with customers is described in Note 3. The Company has recognised the cumulative effect of applying Ind AS 115 at April 1, 2018. Due to the transition method chosen in applying Ind AS 115, comparative information has not been restated to reflect the new requirements. There is no impact on the Company's revenue on applying Ind AS - 115 from the contracts with customers.

(b) Disaggregation of revenue from contracts with customers

The Company believes that the information provided under Note 28, Revenue from Operations, is sufficient to meet the disclosure objectives with respect to disaggregation of revenue under Ind AS 115, Revenue from Contracts with Customers.

(c) Reconciliation of contract assets and liabilities:

	<u>Rs in million</u>	<u>Rs in million</u>
	<u>31 March 2020</u>	<u>31 March 2019</u>
Unbilled Revenue (contract assets)		
At the beginning of the reporting year	2.4	-
Cost incurred plus attributable profits on contracts-in-progress	1,441.3	1,600.5
Progress billings made towards contracts-in-progress	1,406.6	1,598.1
At the end of the reporting year	<u>37.1</u>	<u>2.4</u>
Advance from customers (contract liability)		
At the beginning of the reporting year	709.4	971.2
Revenue recognised during the year	6,643.1	10,557.1
Progress billings made towards contracts-in-progress	7,201.3	10,818.8
At the end of the reporting year	<u>151.2</u>	<u>709.4</u>

(d) There are no adjustments to revenue accordingly, no disclosure is made under paragraph 126AA.

(e) Performance obligations

The Company is engaged in the business of warehousing services to manage risks across various stages of commodity, providing commodity handling and risk management services to customers across the country. The Company is also into the business of sale, purchase, trading, storage and movement of commodities and inventories.

Revenue is recognised at a point in time upon satisfaction of the performance obligations which is typically upon rendering of services based on the contractual terms with the customers and sale of goods upon transfer of control of goods.

(f) Practical expedients:

Applying the practical expedient in paragraph 63 of Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if at contract inception it is expected that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Company applies practical expedient in paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations for SCM contracts that have original expected duration of one year or less.

55 Estimation of uncertainties relating to the global health pandemic from COVID-19

By mid of March 2020, novel corona virus (Covid-19) had spread across the world and since then the pandemic has severely affected public health and disrupted economic activities. In response to this pandemic, Governments across the world had to impose various restrictions including lockdowns and mandatory work from home requirements. This has affected the operations of the Company and has had impact on the sales and profitability amongst others. The Company is continuously monitoring the situation and taking necessary actions in response to the developments to minimise the impact and also to safeguard the assets and employees. The Company has since obtained required permissions and started its operations partially in respect of essential commodities as and when the same was allowed gradually across the country. The Company has considered relevant internal and external sources of information to evaluate the impact on the financial statements for the year ended 31 March, 2020. The Company has assessed the recoverability of the assets including receivables, investments, property plant and equipment, intangible assets and have made necessary adjustments to the carrying amounts by recognising provisions / impairment of assets where necessary. However, the actual impact may be different from that estimated as it will depend upon future developments and future actions to contain or treat the disease and mitigate its impact on the economy.

National Collateral Management Services Limited

Notes to the standalone financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

56 Utilisation of proceeds from the issue of Non Convertible Debentures

During the year, the Company has issued 3,200 debentures of Rs 1 million which was listed on the stock exchange, BSE Limited on 27 March 2020. Below is the table depicting the utilisation of the proceeds from issue of debentures :

Particulars	Amount Rs Million
Amount of money raised	3,200.0
Less: Utilisation towards repayment of long term borrowings and infusion of loans to subsidiaries engaged in Silo Projects	1,400.0
Amount pending to be utilised - parked in escrow account	1,800.0

57 Other matters:

Information with regard to other matters, specified in of the revised Schedule III to the Act is either Nil or not applicable to the Company for the year ended 31 March 2020.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
National Collateral Management Services Limited
CIN : U74140MH2004PLC148859

Burjis Pardiwala
Partner
Membership No: 103595

Siraj A. Chaudhry
Managing Director & CEO
DIN: 00161853

Unpom Kausik
Director & President
DIN: 01978970

Anuj Kumar Vasdev
Chief Financial Officer
Membership No: 094898

Priya Vaishnav
Company Secretary
Membership No: A40162

Mumbai
25 August 2020

Gurugram
25 August 2020

INDEPENDENT AUDITORS' REPORT

To the Members of National Collateral Management Services Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of National Collateral Management Services Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated loss and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to the following emphasis of matter included in the audit report of the financial statements for one of the subsidiary of the Holding Company – NCML Finance Private Limited, reproduced by us as under:

We draw attention to Note 2.28 to the Financial Statements (reproduced as Note 58(a) of these consolidated financial statements) in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package.

Independent Auditors' Report *(Continued)*

National Collateral Management Services Limited

Emphasis of Matter *(Continued)*

We draw attention to Note 2.28 to the Financial Statements (reproduced as Note 58(a) of these consolidated financial statements) the extent to which the COVID-19 pandemic will have impact on the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the aforesaid matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key Audit Matter	How the matter was addressed in our audit
<p>Revenue recognition</p> <p>Revenue is recognised when the customer obtains control of the goods or when services are rendered. We identified revenue recognition as a key audit matter because the Company and its external stakeholders focus on revenue as a key performance indicator. This could create an incentive for revenue to be overstated or recognised before control has been transferred or services have been rendered.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none">• We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.• We evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition on selected transactions.• We performed substantive testing by selecting samples of revenue transactions, recorded during the year by testing the underlying documents using statistical sampling.• We carried out analytical procedures on revenue recognised during the year to identify and evaluate any unusual variances.• We tested, on a sample basis, revenue transactions recorded before and after the financial year end date to determine whether the revenue has been recognised in the appropriate financial period.• We tested manual journal entries posted to revenue to identify and evaluate any unusual items.

Independent Auditors' Report (Continued)

National Collateral Management Services Limited

Key Audit Matters (Continued)

The Key Audit Matter	How the matter was addressed in our audit
<p>Recoverability of capital work in progress (CWIP) related to its projects under development</p> <p>As at 31 March 2020, the Group has carrying amount of: Capital Work in progress – Rs 1,840.7 million</p> <p>Assessment of the recoverable amount of capital work in progress related to projects under development has been identified as a key audit matter due to:</p> <ul style="list-style-type: none">• Significance of the carrying amount of these balances• The assessment requires management to make significant estimates concerning the estimated future cash flows, qualitative assessments of the status of the projects and its future, associated discounted rates and growth rates based on the management's view of future business prospects.• Changes to any of these assumptions could lead to material changes in the estimated recoverable amount.	<p>Our audit procedures included:</p> <ul style="list-style-type: none">• we have evaluated the design and implementation and tested the operating effectiveness of key controls placed around the impairment assessment process of the recoverability of the capital work in progress. These include the estimation of future cash flows forecasts, the process by which they were produced and discount rates used.• we focused on key assumptions which were most sensitive to the recoverable value of the projects. We also assessed whether the key assumptions were plausible in the light of the current environment of the COVID-19 pandemic.• we have assessed the work performed on the valuation methodology of the projects and the key assumptions used. We also engaged specialists to evaluate the adequacy of specific inputs such as the discount rate, long-term growth rate and use of methodology for the infrastructure projects.• considered the adequacy of disclosures in respect of the capital work in progress in the consolidated financial statements.

Other Information

The Holding Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report (*Continued*)

National Collateral Management Services Limited

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and the Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and the Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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.

Independent Auditors' Report (*Continued*)

National Collateral Management Services Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (*Continued*)

- 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and the Board of Directors.
- Conclude on the appropriateness of Management and the Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Independent Auditors' Report (*Continued*)

National Collateral Management Services Limited

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and its subsidiaries incorporated in India, none of the directors of the Group companies is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 42 to the consolidated financial statements.
 - ii. The Group did not have long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group; and

Independent Auditors' Report (*Continued*)

National Collateral Management Services Limited

Report on Other Legal and Regulatory Requirements (*Continued*)

- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.

- C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company is in accordance with the provisions of Section 197 of the Act. Since the subsidiary companies are incorporated as private companies in India, the requirements of section 197 are not applicable to those companies. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

Mumbai
25 August 2020

Burjis Pardiwala
Partner
Membership No.103595
UDIN : 20103595AAAACX2418

Annexure A to the Independent Auditors’ report on the consolidated financial statements of National Collateral Management Services Limited (“the Holding Company”) for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph A(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of National Collateral Management Services Limited (hereinafter referred to as “the Holding Company”) and such companies incorporated in India under the Companies Act, 2013 and which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

Management’s Responsibility for Internal Financial Controls

The respective Company’s management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 the respective 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 (hereinafter referred to as “the Act”).

Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Independent Auditors' Report (*Continued*)

National Collateral Management Services Limited

Auditors Responsibility (*Continued*)

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

Mumbai
25 August 2020

Burjis Pardiwala
Partner
Membership No.103595
UDIN: 20103595AAAACX2418

National Collateral Management Services Limited

Consolidated balance sheet

as at 31 March 2020

(Currency : Indian Rupees in Million)

	<i>Note</i>	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	5,956.4	5,883.5
(b) Capital work-in-progress	5	1,840.7	1,274.1
(c) Right of use assets	39	68.4	-
(c) Intangible assets	6.1	58.4	26.6
(d) Intangible assets under development	6.2	87.1	90.8
(e) Financial assets			
(i) Loans	7	370.2	124.2
(ii) Other financial assets	8	346.5	35.2
(f) Income tax assets (net)		487.5	369.5
(g) Deferred tax assets (net)	9	481.3	209.2
(h) Other non-current assets	10	219.3	165.8
Total non-current assets		9,915.8	8,178.9
Current assets			
(a) Inventories	11	708.8	3,682.6
(b) Financial assets			
(i) Trade receivables	12	947.5	1,288.0
(ii) Cash and cash equivalents	13	116.4	169.5
(iii) Bank balances other than (ii) above	14	2,910.1	1,077.5
(iv) Loans	15	1,329.4	2,858.9
(v) Other financial assets	16	693.3	536.0
(c) Other current assets	17	140.2	588.0
Total current assets		6,845.7	10,200.5
TOTAL ASSETS		16,761.5	18,379.4
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	18.1	1,474.1	1,473.7
(b) Other equity	18.2	5,684.2	6,023.9
Total equity		7,158.3	7,497.6
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	4,514.8	1,174.0
(ii) Lease liabilities	20	37.2	-
(b) Provisions	21	34.3	27.7
(c) Other non-current liabilities	22	155.3	112.9
Total non-current liabilities		4,741.6	1,314.6
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	3,298.0	7,347.8
(ii) Lease liabilities	20	14.5	-
(iii) Trade payables			
Total outstanding dues of micro enterprise and small enterprise		-	-
Total outstanding dues of creditors other than micro enterprise and small enterprise	24	268.3	265.6
(iv) Other financial liabilities	25	573.1	691.9
(b) Other current liabilities	26	263.7	815.1
(c) Provisions	27	444.0	446.8
Total current liabilities		4,861.6	9,567.2
Total equity and liabilities		16,761.5	18,379.4

National Collateral Management Services Limited

Consolidated balance sheet (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees in Million)

The attached notes 2 to 59 are an integral part of these consolidated financial statements.

As per our report of even date attached.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of
National Collateral Management Services Limited**

CIN : U74140MH2004PLC148859

Burjis Pardiwala

Partner

Membership No: 103595

Siraj A. Chaudhry

Managing Director & CEO

DIN: 00161853

Unupom Kausik

Director & President

DIN: 01978970

Mumbai

25 August 2020

Anuj Kumar Vasdev

Chief Financial Officer

Membership No: 094898

Priya Vaishnav

Company Secretary

Membership No: A40162

Gurugram

25 August 2020

National Collateral Management Services Limited

Consolidated statement of profit and loss

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

	<i>Note</i>	31 March 2020	31 March 2019
Revenue from operations	28	8,934.3	13,351.9
Other income	29	10.2	68.8
Finance income	30	33.1	44.8
Total revenue		8,977.6	13,465.5
EXPENSES			
Purchases of stock-in-trade			
- commodities		3,831.2	8,024.6
Changes in inventories of stock-in-trade	31	2,973.6	2,111.8
Cost of Operations	32	86.2	40.6
Employee benefits expense	33	476.1	521.2
Finance costs	34	467.7	597.2
Depreciation and amortisation expense	35	231.3	187.2
Other expenses	36	1,752.9	1,791.8
Total expenses		9,819.0	13,274.4
(Loss)/Profit before tax		(841.4)	191.1
Income tax expenses			
(i) Current tax		13.3	49.8
(ii) Deferred tax (credit)		(270.4)	(14.9)
(Loss)/ Profit for the year		(584.3)	156.2
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
- Remeasurement loss/(gain) on post employment defined benefits plans		(5.2)	2.0
- Income tax effect on above		1.7	(0.6)
Other comprehensive (loss)/ income, net of tax		(3.5)	1.4
Total comprehensive (loss)/income		(587.8)	157.6
Earnings per share (Face value of INR 10 per share)	38		
Basic earnings per share		(4.0)	1.1
Diluted earnings per share		(4.0)	1.0

The attached notes 2 to 59 are an integral part of these consolidated financial statements.
As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of

National Collateral Management Services Limited

CIN : U74140MH2004PLC148859

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Chief Financial Officer

Membership No: 094898

Priya Vaishnav

Company Secretary

Membership No: A40162

Gurugram

25 August 2020

National Collateral Management Services Limited

Consolidated statement of changes in equity

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

A. Equity share capital

	Note	Balance as at 1 April 2019	Changes in equity share capital	Balance as at 31 March 2020
Equity share capital	18.1	1,473.7	0.4	1,474.1

B. Other Equity

	Note	Reserves and surplus							
		Securities premium	Special reserve	Share options outstanding account	Equity component of CCD	Capital Reserve	Statutory Reserve	Retained Earnings	Total equity
Balance as at 1 April 2019	18.2	3,909.7	37.5	95.1		0.7	26.6	1,954.3	6,023.9
Total comprehensive income for the year									
(Loss) for the year		-	-	-		-	-	(584.2)	(584.2)
Share premium on issue of equity shares		0.6	-	-		-	-	-	0.6
Remeasurement of the net defined benefit liability (net of tax effect)		-	-	-		-	-	(3.5)	(3.5)
Equity component through issue of Compulsory convertible debenture (CCD)					308.9				308.9
Transfer to special / statutory reserve		-	5.0	-	-	-	9.4	(14.4)	-
Total comprehensive income / (loss) for the year		0.6	5.0	-	308.9	-	9.4	(602.1)	(278.2)
Add: Employee stock options (refer note 33)		-	-	(63.3)				1.8	(61.5)
Balance as at 31 March 2020		3,910.3	42.5	31.8	308.9	0.7	36.0	1,354.0	5,684.2

The attached notes 2 to 59 are an integral part of these consolidated financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
National Collateral Management Services Limited

CIN : U74140MH2004PLC148859

Burjis Pardiwala

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Chief Financial Officer

Membership No: 094898

Priya Vaishnav

Company Secretary

Membership No: A40162

Gurugram

25 August 2020

National Collateral Management Services Limited

Consolidated statement of changes in equity

for the year ended 31 March 2019

(Currency : Indian Rupees in Million)

A. Equity share capital

	Note	Balance as at 1 April 2018	Changes in equity share capital during	Balance as at 31 March 2019
Equity share capital	18.1	1,473.7	-	1,473.7

B. Other equity

	Note 18.2	Securities premium reserve	Special reserve	Reserves and surplus Share options outstanding account	Capital Reserve	Statutory Reserve	Retained Earnings	Total equity
Balance as at 1 April 2018		3,909.7	32.5	70.6	0.7	17.2	1,811.1	5,841.8
Total comprehensive income for the year								-
Profit for the year		-	-	-	-	-	156.2	156.2
Remeasurement of the net defined benefit liability (net of tax effect)		-	-	-	-	-	1.3	1.3
Transfer to special reserve /statutory reserve		-	5.0	-	-	9.4	(14.4)	-
Total comprehensive income for the year		-	5.0	-	-	9.4	143.2	157.6
Add: Employee stock options (refer note 33)		-	-	24.5	-	-	-	24.5
		-	-	24.5	-	-	-	24.5
Balance as at 31 March 2019		3,909.7	37.5	95.1	0.7	26.6	1,954.3	6,023.9

The attached notes 2 to 59 are an integral part of these consolidated financial statements.

As per our report of even date attached.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
National Collateral Management Services Limited

CIN : U74140MH2004PLC148859

Burjis Pardiwala

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DIN: 01978970

Mumbai

25 August 2020

Anuj Kumar Vasdev

Chief Financial Officer

Membership No: 094898

Priya Vaishnav

Company Secretary

Membership No: A40162

Gurugram

25 August 2020

National Collateral Management Services Limited

Consolidated statement of cash flows

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
I Cash flows from operating activities:		
Profit / (Loss) before tax	(841.4)	191.1
Adjustments for:		
Depreciation and amortisation	231.3	187.2
Finance costs	467.7	597.2
Liabilities no longer required written back	(2.2)	(16.6)
Finance income	(33.1)	(44.8)
Government grants	(5.8)	(6.1)
Loss on Surrender of Concession Agreements	323.9	-
Provision for doubtful debts/(written back)	72.1	(31.5)
Provision for doubtful Advance	30.0	-
Credit impaired assets	19.4	-
Loss/ (Gain) on sale of assets	-	(3.3)
Share based payments to employees (net of capitalisation)	(61.5)	18.9
	<u>1,041.8</u>	<u>701.0</u>
Operating cash flows before working capital changes	200.4	892.1
Changes in:		
Decrease in inventories	2,973.7	2,133.5
Decrease in trade receivables	249.1	1,049.7
Decrease in other financial assets / non-current assets	1,568.2	24.5
Increase/(Decrease) in trade payables and other financial liabilities	7.2	(385.7)
(Decrease)/Increase in provisions	(11.2)	218.9
(Decrease) in other current liabilities / non-current liabilities	(498.3)	(219.6)
	<u>4,288.7</u>	<u>2,821.3</u>
Cash flows (used in) operations	4,489.1	3,713.3
Taxes (paid), net of refunds	(113.1)	(155.3)
Net cash generated from operating activities	4,376.0	3,558.0
II Cash flows from investing activities:		
Purchase / construction of property, plant and equipment	(1,264.2)	(1,668.8)
Purchase/development of intangible assets and intangibles under development	(54.3)	(69.2)
Government grant received	48.3	2.0
Proceeds from sale of property, plant and equipment	-	3.6
Maturity of bank deposits (having original maturity of more than 3 months)	577.4	402.4
Investment in bank deposits (having original maturity of more than 3 months)	(2,716.3)	(579.8)
Interest received	16.9	27.3
	<u>(3,392.2)</u>	<u>(1,882.5)</u>
Net cash flows (used in) investing activities	(3,392.2)	(1,882.5)
III Cash flows from financing activities:		
Proceeds from issuance of equity share capital, net of issue expenses	1.0	-
Proceeds from borrowings	26,566.7	64,053.4
Proceeds from issuance of compulsory convertible debentures	1,002.7	-
Repayment of borrowings	(28,199.0)	(65,033.2)
Interest on lease liabilities	(3.0)	-
Interest paid	(405.4)	(609.3)
	<u>(1,037.0)</u>	<u>(1,589.1)</u>
Net cash flows (used in) financing activities	(1,037.0)	(1,589.1)
Net (decrease)/increase in cash and cash equivalents (I+II+III)	(53.2)	86.4
Cash and cash equivalents (refer note 13)		
Cash and cash equivalents at the beginning of the year	169.5	83.0
Cash and cash equivalents at the end of the year	<u>116.4</u>	<u>169.5</u>
Net (decrease)/increase in cash and cash equivalents	(53.1)	86.4

National Collateral Management Services Limited

Consolidated statement of cash flows (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Notes:

- 1 The above Statement of Cash Flows has been prepared under the "Indirect Method " as set out in the Indian Accounting Standard (Ind AS-7) Statement of Cash flows notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015.

	31 March 2020	31 March 2019
2. Components of Cash and cash equivalents		
Balance with banks		
- in current accounts	116.4	169.4
Cash on hand	0.0	0.1
	<u>116.4</u>	<u>169.5</u>
3. Reconciliation of cash and cash equivalents at the beginning of the year		
Cash and cash equivalents (refer note 13)	169.5	93.4
Less: Bank overdraft (refer note 22)	-	10.4
	<u>169.5</u>	<u>83.0</u>
4 Reconciliation of cash and cash equivalents at the end of the year		
Cash and cash equivalents (refer note 13)	116.4	169.5
	<u>116.4</u>	<u>169.5</u>

The attached notes 2 to 59 are an integral part of these consolidated financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
National Collateral Management Services Limited
CIN : U74140MH2004PLC148859

Burjis Pardiwala
Partner
Membership No: 103595

Siraj A. Chaudhry
Managing Director & CEO
DIN: 00161853

Unupom Kausik
Director & President
DIN: 01978970

Mumbai
25 August 2020

Anuj Kumar Vasdev
Chief Financial Officer
Membership No: 094898

Priya Vaishnav
Company Secretary
Membership No: A40162

Gurugram
25 August 2020

National Collateral Management Services Limited

Notes to the Consolidated financial statements

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

Company overview and significant accounting policies

1 Company overview

National Collateral Management Services Limited (the 'Holding Company'/ Company) is a closely held public company incorporated on 28 September 2004 under the Indian Companies Act, 1956 to provide warehousing services to manage risks across various stages of commodity and inventory handling under a single umbrella. Through pan-India presence, in owned, leased as well as field warehouses, the Company provides commodity handling and risk management services to clients across the country. The Holding Company is geared to handle operations encompassing the sale, purchase, trading, storage and movement of commodities and inventories.

On 19 August 2015, Fairfax India Holding Corporation through its wholly owned subsidiary FIH Mauritius Investments Ltd has acquired a majority stake in the Holding Company.

On 12th February, 2016 the Company had acquired 100% stake in NCML Finance Private Limited (formerly known as TG Finance Private Limited), a wholly owned subsidiary. The subsidiary is registered with the Reserve Bank of India as a Non- Banking Financial Company under section 45 IA of RBI Act, 1934 governed by Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("NBFC Directions").

The Holding Company and its subsidiaries are collectively referred as the Group.

2 Basis of preparation

(i) Statement of compliance

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments and employee stock options which are measured at fair values. 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. (as amended)

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.

The consolidated financial statements are authorised for issue by the Holding Company's Board of Directors on 25 August 2020

(ii) Basis of consolidation

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statement from the date on which control commences until the date on which control ceases.

Consolidation procedure

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding company, i.e., period ended on 31 March.

The procedure followed is as follows:

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date

Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

2 Basis of preparation (Continued)

(ii) Basis of consolidation (Continued)

Consolidation procedure (Continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in equity as capital reserve. Transaction costs are expensed as incurred.

Following subsidiary companies have been considered in the preparation of consolidated financial statements:

Name	% voting power held as at 31 March 2020	% voting power held as at 31 March 2019
NCML Finance Private Limited	100	100
NCML Mktyard Private Limited	100	100
NCML Basti Private Limited	100	100
NCML Varanasi Private Limited	100	100
NCML Faizabad Private Limited	100	100
NCML Batala Private Limited	100	100
NCML Chhahreatta Private Limited	100	100
NCML Deoria Private Limited	100	100
NCML Palwal Private Limited	100	100
NCML Bettiah Private Limited	100	100
NCML Bhattu Private Limited	100	100
NCML Jalalabad Private Limited	100	100
NCML Sonepat Private Limited	100	100
NCML KB Private Limited	100	100
NCML Madhepura Private Limited (w.e.f. 23 January, 2019)	100	100
NCML Saran Private Limited (w.e.f. 29 January, 2019)	100	100
NCML Motihari Private Limited (w.e.f. 23 January, 2019)	100	100
NCML Agribusiness Consultants Pvt Ltd (w.e.f. 11 February, 2019)	100	100

(iii) Functional and presentation currency

The consolidated financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Group are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes to these consolidated financial statements. All amounts in the financial statement and accompanying notes are presented in ` million and have been rounded-off to one decimal place unless stated otherwise. Amount below Rs 50,000 are denoted by "0".

Any asset is classified as current if it satisfies any of the following conditions:

- (i) it is expected to be realised or is intended for sale or consumption in the Company's normal operating cycle;
- (ii) it is expected to be realised within twelve months from the reporting date;
- (iii) it is held primarily for the purposes of being traded;
- (iv) the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

All other assets and liabilities are classified as non-current.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

2 Basis of preparation (*Continued*)

(iv) *Current/ Non- Current Classification (Continued)*

Any liability is classified as current if it satisfies any of the following conditions:

- (i) it is expected to be settled in the Company's normal operating cycle;
- (ii) it is expected to be settled within twelve months from the reporting date;
- (iii) it is held primarily for the purposes of being traded;
- (iv) the Company does not have an unconditional right to defer settlement of the liability for atleast twelve months from the reporting date.

All other liabilities are classified as non- current.

Operating Cycle

For the purpose of current/ non-current classification of assets and liabilities, the Group has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realisation and their realisation in cash and cash equivalents.

3 Use of accounting estimates and judgements

Preparation of consolidated financial statements requires the Group to make assumptions and estimates about future events and apply significant judgements. The Group base its assumptions, estimates and judgements on historical experience, current trends and all available information that it believes is relevant at the time of preparation of the Consolidated financial statements. However, future events and their effects cannot be determined with certainty. Accordingly, as confirming events occur, actual results could ultimately differ from our assumptions and estimates. Such differences could be material. The following require most difficult, subjective or complex judgements, resulting from the need to make estimates about the effect of matters that are inherently uncertain.

(i) *Impairment losses on trade receivables*

The Group reviews its trade receivables to assess impairment at regular intervals. The Group's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in the statement of profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for expected credit loss is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

(ii) *Provision for obsolete inventory*

The Group reviews its inventory to assess loss on account of obsolescence and expiry on a regular basis. In determining whether provision for obsolescence should be recorded in the statement of profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is any future salability of the product, including demand forecasts and shelf life of the product. The provision for obsolescence of inventory is based on the ageing and past movement of the inventory.

(iii) *Valuation of inventories*

The Group values its inventories for commodity trading business at fair value less cost to sell and other inventories are valued at the lower of cost and net realisable value through inventory allowances. Subsequent changes in facts or circumstances could result in the reversal of previously recorded allowances. Results could differ if inventory allowances change because actual selling prices or selling costs differ materially from forecasted selling prices and selling costs. Calculating allowances depends on a combination of interrelated factors affecting forecasted selling prices, including demand variables. Demand variables include grain prices and changes in inventories in distribution channels.

(iv) *Estimated useful lives of property, plant and equipment*

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and on the historical experience with similar assets. It is possible, however, that future results from operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

National Collateral Management Services Limited

Notes to the Consolidated financial statements *(Continued)*

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

3 Use of accounting estimates and judgements *(Continued)*

(v) Provision for litigations

In estimating the final outcome of litigation, the Group applies judgment in considering factors including experience with similar matters, past history, precedents, relevant financial and other evidence and facts specific to the matter. Application of such judgement determines whether the Group requires an accrual or disclosure in the consolidated financial statements.

(vi) Recoverability of deferred tax assets

In determining the recoverability of deferred tax assets, the Group primarily considers current and expected profitability of applicable operating business segments and their ability to utilise any recorded tax assets. The Group reviews its deferred income tax assets at every reporting period end, taking into consideration the availability of sufficient current and projected taxable profits, reversals of taxable temporary differences and tax planning strategies.

(vii) Share based payments

The Group determines costs for share-based payments using Black-Scholes-Merton model. The Group determines the fair value of its market-based and performance-based non-vested share options at the date of grant using generally accepted valuation techniques. A portion of share-based payments expense results from performance-based share options which require the Group to estimate the likelihood of achieving performance parameters and appraisals set by Board of directors.

Judgment is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. The Group is also required to use judgment in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and model used are disclosed in Note 47 of the Consolidated financial statements.

(viii) Measurement of defined benefit obligations and other employee benefit obligations

The Group's net obligation in respect of gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the other long-term employment benefits.

The present value of the obligation is determined based on actuarial valuation at the balance sheet date by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

(ix) Measurement of fair value

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer (CFO).

They regularly review significant unobservable inputs and valuation adjustments. If third party information, such as NCDEX quotes, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IndAS 113 " Fair Value Measurements", including the level in the fair value hierarchy in which such valuations should be classified.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

4 Significant accounting policies

(a) Property, plant and equipment

Measurement at recognition

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably and is measured at cost. Subsequent to recognition, all items of property, plant and equipment (except for freehold land) are stated at cost less accumulated depreciation and accumulated impairment losses.

If the cost of an individual part of property, plant and equipment is significant relative to the total cost of the item, the individual part is accounted for and depreciated separately.

The cost of property, plant and equipment comprises its purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of decommissioning, restoration and similar liabilities, if any. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Items such as spare parts, stand-by equipments and servicing that meets the definition of property, plant and equipment are capitalised at cost and depreciated over the useful life. Cost of repairs and maintenance are recognised in the Consolidated statement of profit and loss as and when incurred.

Depreciation :

The Group depreciates its Plant, Property and Equipment on Straight Line Method (SLM) over the useful lives of assets estimated by management. Depreciation for assets purchased or sold during a year is proportionately charged. The management estimates for useful lives for Plant, Property and Equipment are set out below:

Warehouse buildings	50 years
Office buildings	50 years
Silos	50 years
Plant and machinery : Moisture meters	3 years
Plant and machinery : Meteorological instruments	5 years
Plant and machinery : Laboratory equipment	5- 10 years
Plant and machinery : Others	5 years
Computer hardware	3 years
Electrical installation and fittings	5 years
Office equipments	5 years
Furniture and fixtures	5- 10 years
Leasehold improvements	5- 10 years
Electrical installations and fittings at leased premises	Primary year of the lease or 5 years, whichever is less
Vehicles	5 years

For aforesaid class of assets based on internal assessment carried out by internal valuers the management believes that the useful lives as given above best represent the period over which management expects to use the assets. Hence, the useful lives for the assets are different from the useful lives as prescribed under Part C of Schedule II of the Act .

For all class of assets except leasehold improvements and electrical installation and fittings at leased premises, management carries out an internal assessment to estimate the useful life over which it is expected to be used. Expected useful lives and residual values are re-assessed annually and adjusted if appropriate and such change is accounted for as a change in an accounting estimate.

Assets costing INR 5000 or less are fully depreciated in the year of purchase. Depreciation is charged on a proportionate basis for all assets purchased and sold during the year.

Freehold land has an unlimited useful life and therefore is not depreciated.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

4 Significant accounting policies (Continued)

(a) Property, plant and equipment (Continued)

Capital work in progress and Capital advances

Assets under construction includes the cost of property, plant and equipment that are not ready to use at the balance sheet date. Advances paid to acquire property, plant and equipment before the balance sheet date are disclosed under other non current assets. Assets under construction are not depreciated as these assets are not yet available for use.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on 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 recognised in the consolidated statement of profit or loss in the period the asset is derecognised.

(b) Intangible assets

Measurement at recognition

Intangible assets comprise primarily of computer software (including enterprise systems). Intangible assets are initially recorded at cost and Subsequent to recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Intangible Assets with finite lives are amortised on a straight line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated statement of profit and loss.

The following estimated useful life of intangible assets is mentioned below:

Computer Software	3 years
License	10 years

Goodwill arising on the acquisition of subsidiary is measured at cost less accumulated impairment losses.

The amortisation period and the amortisation method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such changes is accounted for as a change in an accounting estimate.

Derecognition

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the consolidated statement of profit or loss in the period the asset is derecognised.

(c) 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.

(i) Non-derivative financial assets

Initial recognition and measurement

The Group recognises a financial asset in its balance sheet when it become party to the contractual provisions of the instrument. 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 (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the consolidated statement of profit and loss at initial recognition if the fair value is determined through quoted market price in an active market for an identical asset (i.e level 1 input) or through a valuation technique that uses data from observable markets (i.e level 2 input).

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

4 Significant accounting policies (Continued)

(c) Financial instruments (Continued)

(i) Non-derivative financial assets (Continued)

Initial recognition and measurement (Continued)

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the consolidated statement of profit and loss only to the extent that such gain or loss arises due to a change in factor market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price irrespective of the fair value on initial recognition.

Subsequent measurement:

For subsequent measurement, the Group classifies a financial asset in accordance with the below criteria:

- (i) the Group's business model for managing the financial asset and
- (ii) The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Group classifies its financial assets into the following categories:

- (i) Financial assets measured at amortised cost.
- (ii) Financial assets measured at fair value through profit and loss (FVTPL).

(i) Financial assets measured at amortised cost

A financial asset is measured at the amortised cost if both the conditions are met :

- (a) The Group's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows.
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans, deposits and other financial assets of the Group. Such financial assets are subsequently measured at amortised cost using the effective interest method.

The amortised cost of a financial asset is also adjusted for loss allowance, if any.

(ii) Financial assets measured at fair value through profit and loss (FVTPL).

A financial asset is measured at FVTPL unless it is measured at amortised cost or at Fair Value through Other Comprehensive Income (FVTOCI). This is a residual category applies to inventories, share based payments and other investments of the Group excluding investment in subsidiary. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognised in the Consolidated statement of profit and loss.

Derecognition:

A financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. On derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Consolidated statement of profit and loss.

Presentation:

Financial assets and liabilities are offset and the net amount presented in the statement of Consolidated balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liabilities.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

4 Significant accounting policies (Continued)

(c) Financial instruments (Continued)

(ii) Non-derivative financial liabilities (Continued)

Initial recognition and measurement (Continued)

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liabilities.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently carried at amortised cost; any difference between the initial carrying value and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest rate method. Other financial liabilities are recognised initially at fair value plus any directly attributable transaction costs.

Non-derivative financial liabilities of the Group comprise long-term borrowings, short-term borrowings, bank overdrafts and trade and other payables.

Subsequent measurement:

Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Derecognition:

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. When an existing financial liability is replaced from the same lender on substantially different terms, or 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 between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Consolidated statement of profit and loss .

(d) Fair Value

The Group measures financial instruments at fair value in accordance with the accounting policies mentioned above. 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:

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

All assets and liabilities for which fair value is measured or disclosed in the Consolidated financial statements are categorised within the fair value hierarchy that categorises into three levels, as described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs).

Level 1 : quoted (unadjusted) market prices 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 or Indirectly

Level 3 : inputs that are unobservable for the asset or liability

For assets and liabilities that are recognised in the Consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

4 Significant accounting policies (Continued)

(e) Impairment

Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- (i) Trade receivables and lease receivables
- (ii) Financial assets measured at amortised cost (other than trade receivables and lease receivables)

In case of trade receivables, contract revenue receivables and lease receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognition as loss allowance. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime of ECL.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e all cash shortfalls), discounted at the original effective interest rate. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12 month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and profitability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

The Group uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward- looking estimates are updated.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the Consolidated statement of profit and loss.

Intangible assets and plant, property and equipment

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If any such Indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's recoverable amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Inventories

Inventories principally comprise commodities held for trading and inventories that form part of the Group's expected purchase, sale or usage requirements.

Inventories for commodity trading businesses are measured at fair value less costs to sell, with changes in fair value less costs to sell recognised in the profit or loss in the period of the change.

Inventories are measured at cost and those forming part of the Group's expected purchase, sale or usage requirements are stated at the lower of cost and net realisable value and are valued on a first-in-first-out basis. Cost of inventories comprises of cost incurred on purchase and other direct expenditure on procurement. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated cost of disposal and after making allowance for damages and slow-moving items.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

4 Significant accounting policies (*Continued*)

(f) Inventories (*Continued*)

Dunnage:

Dunnage consists of bamboo mats, polythene sheets/bags/covers, wooden planks, black/blue polythene films/sheets. Bamboo mats and polythene sheets/bags/covers issued for use are written off to the extent of 100% of cost in the year of purchase. 50% of the cost of black/blue polythene films/sheets issued for use is written off in the year of issue and the balance 50% is charged to revenue in the subsequent year.

Dunnage of all types, cost of which is up to INR 500, is charged to revenue in the year of purchase.

(g) Statement of cash flows

The Group's statement of cash flows are prepared 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 Group are segregated.

Cash and cash equivalents comprise cash and bank balances and short-term fixed bank deposits that are subject to an insignificant risk of changes in value. These also include bank overdrafts and cash credit facility that form an integral part of the Group's cash management.

(h) Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates and sales taxes or any other taxes. Amount collected on behalf of third parties such as goods and service tax and value added tax are excluded from revenue. Revenue on time and material contracts are recognised as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognised as unbilled revenue. Advances received for services and products are reported as advances from customers until all conditions for revenue recognition are met.

A. Warehousing services

- (i) These include warehousing services in owned, leased, franchise as well as field warehouses. Charges levied for providing storage, stock management and preservation services at locations which are owned, leased or under franchise/associate arrangement are recognised as income on accrual basis as per agreed terms.
- (ii) These activities also include custodial warehousing services for banks and fees therefrom are recognised on accrual basis as per agreed terms.

B. Supply chain/ Sale of goods

Income from sale of commodities is recognised when control is transferred to the buyer, while the Company retains neither managerial involvement nor effective control over the goods sold.

C. Other services

- (i) Testing and certification
These includes testing the quality of commodities and issuing certificates regarding the same. The charges for testing and certification are recognised on accrual basis as per agreed terms with customers.
- (ii) Market intelligence and commodity research
 - a) Price intelligence
Price Polling is a neutral activity for collating spot price information for selected commodities on behalf of the client and the charges there from are recognised on accrual basis as per agreed terms with customers.
 - b) Weather intelligence
Weather Data Services is an activity wherein weather data is collected from Meteorological Instruments and provided to the client and the charges there from are recognised on accrual basis as per agreed terms with customers.
 - c) Market intelligence
Subscription charges on Market Intelligence and Commodity Research reports are recognised as Income on straight line basis over the year for which the reports are sent.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

4 Significant accounting policies (Continued)

(h) Revenue recognition (Continued)

C. Other services (Continued)

(iii) Vehicle management services

These activities include services for custodial warehousing of vehicles for customers. Fees there from are recognised on accrual basis as per agreed terms.

(iv) Finance services

- a) Income from financing activities (i.e. loans advanced) is recognised on accrual basis, except in case of income on non performing assets, which is recognised on receipt basis. Overdue interest accrued as income remaining unrealised is reversed in the month in which the loan is classified as NPA.
- b) Interest income on fixed income debt instruments such as certificate of deposits, non-convertible debentures and commercial papers are recognized on a time proportion basis taking into account the amount outstanding and the effective rate applicable. Discount, if any, is recognised on a time proportion basis over the tenure of the securities.
- c) Interest income on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- d) Dividend is recognised as income when right to receive payment is established.
- e) Profit/loss on the sale of investments is determined on the basis of the weighted average cost method.
- f) Service charges documentation charges and other fees on loan transactions are recognised in the commencement of the contract and when there is no uncertainty regarding the collection of such revenue.
- g) Bounce charges, penal charges, late payment charges and other operating income are recognised as income on realisation due to uncertainty in their collection.

(v) Other services

These are recognised when the claim/charge is established as a legally enforceable right for the services rendered.

(vi) Revenue from Contracts

Revenue from contracts is recognised based on the stage of completion determined with reference to the costs incurred on contracts and their estimated total costs. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the statement of profit or loss in the year in which the circumstances that give rise to the revision becomes known by management.

When it is probable that the total contract cost will exceed total contract revenue, expected loss is recognised as an expense immediately. Total contract cost is determined based on technical and other assessment of cost to be incurred. Liquidated damages/penalties are accounted as per the contract terms whenever there is a delayed delivery attributable to the Group.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims, incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The profits on contracts are recognised only when outcome of the contract is reasonably certain.

(vii) Service Concession Revenue

The Group is constructing the assets covered under 'Service concession arrangement' i.e. Licence Agreement with Food Corporation of India (FCI) on Design Build Operate and Transfer Basis (DBFOT). Revenue is recognized to the extent of cost of expenditure on Intangible assets under development as per Appendix C of Ind AS 115 "Revenue from Contract with customers". A corresponding intangible asset under development is recognised.

(viii) Lease income

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

(ix) Delayed Payment Charges

Delayed payment charges are levied on trade receivables as per the terms of the contract due to delay in payment of the outstanding amount.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

4 Significant accounting policies (Continued)

(i) Other income:

The Group's finance income include:

- Interest income from financial deposits and other financial assets

Interest income and expense is recognised using effective interest method based on interest rates specified / implicit in the transactions.

(j) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the Group are broadly categorised in employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses majorly include fees to external consultants, cost running its facilities, travel expenses, cost of hardware and software bought for reselling, communication costs allowances for delinquent receivables and other expenses. Other expenses is an aggregation of costs which are Individually not material such us commission and brokerage, bank charges, freight and octroi etc.

Finance costs:

the Group's finance costs include:

- Interest expense on borrowings and overdrafts

Interest expense is recognised using effective interest method based on interest rates specified / implicit in the transactions.

(k) Foreign currency

Foreign currency transactions

Initial Recognition

All transactions that are not denominated in the Group's functional currency are foreign currency transactions. These transactions are initially recorded in the functional currency by applying the appropriate daily rate which best approximates the actual rate of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the consolidated statement of profit and loss.

Measurement of foreign current items are reporting date

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at the reporting date. Non-monetary items measured based on historical cost in a foreign currency are not translated. Non-monetary items measured at fair value in a foreign currency are translated to the functional currency using the exchange rates at the date when the fair value was determined. Exchange differences arising out of these translations are recognised in the Consolidated statement of profit and loss.

(l) Employee benefit

Post-employment benefits

i. Defined contribution plans

A defined contribution plan is a plan for the post employment benefit of an employee under which the Group pays fixed periodic contributions into Provident Fund and Employee State Insurance Corporations. The Group has no further legal or constructive obligation to pay once contributions are made. Contributions made are charged to employee benefit expenses in the period in which the employment services qualifying for the benefit are provided.

ii. Defined benefit plans

The Group's gratuity benefit scheme is a defined benefit plan which is administered through Company gratuity scheme with Life Insurance Corporation of India. The Group's net obligation in respect of gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

4 Significant accounting policies (*Continued*)

(l) Employee benefit (*Continued*)

Post-employment benefits (Continued)

ii. *Defined benefit plans (Continued)*

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation at the balance sheet date by an Independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government of India securities as at the balance sheet date.

When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The Group recognises all remeasurement gains and losses arising from defined benefit plans in the Statement of other comprehensive income in the period in which they occur and not reclassified to the Statement of Profit and Loss in the subsequent period. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Consolidated statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Consolidated statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs in the statement of profit and loss.

Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the estimated liability for leave as a result of services rendered by employees, which is determined at each balance sheet date based on an actuarial valuation by an independent actuary using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligation under other long term employee benefits, are based on the market yields on Government of India securities as at the balance sheet date. Remeasurement gains and losses are recognised immediately in the Consolidated statement of profit and loss.

The Group presents the above liability/(asset) as current and non-current in the balance sheet as per actuarial valuation by the independent actuary; however, the entire liability towards gratuity is considered as current as the Group will contribute this amount to the gratuity fund within the next twelve months.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified Short-term employee benefits and they are recognised in the period in which the employee renders the related services. For the amount expected to be paid, the Group recognise an undiscounted liability if they have a present legal or constructive obligation to pay the amount as a result of past service provided by employees, and the obligation can be estimated reliably.

Share-based payments

Equity-settled plans are accounted at fair value as at the grant date in accordance with Ind AS 102 "Share- Based Payments". The fair value of the share-based option is determined at the grant date using a market-based option valuation model which includes an estimated forfeiture rate. The fair value of the option is recorded as compensation expense amortised over the vesting period of the award, with a corresponding increase in other components of Equity under the head "Share Options Outstanding Account". On exercise of the option, the proceeds are recorded as share capital.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

4 Significant accounting policies (Continued)

(m) Lease accounting

Policy applicable before April 01, 2019:

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.

Group as a lessee

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group 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. 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 Group is classified as a finance lease.

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. 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.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Policy applicable after April 01, 2019:

Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

4 Significant accounting policies (Continued)

(n) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year as per the provisions of tax laws enacted in India and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

ii) Deferred tax

Deferred tax is recognised on deductible temporary differences between the carrying amounts of assets and liabilities in the Consolidated balance sheet and the corresponding tax bases used in the computation of taxable income, the carryforward of unused tax losses and the carry forward of unused tax credits.

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

Deferred tax liabilities are generally recognised for all deductible temporary differences. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognised. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognised.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences can be utilised. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognised.

Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

The Group accounts for the expected future benefit on account of the indexed cost of freehold land held by the Group as a deferred tax asset at the substantively enacted capital gains tax rate.

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

Presentation of current and deferred tax :

Current and deferred tax are recognised as income or an expense in the Consolidated statement of profit and loss, except when they relate to items that are recognised in Other Comprehensive Income/ Equity, in which case, the current and deferred tax income/ expense are recognised in Other Comprehensive Income/ Equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when they relate to income taxes levied by the same taxation authority.

iii) Minimum Alternative Tax ('MAT')

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Consolidated statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as a deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

On March 30, 2019, MCA has issued amendment regarding the income tax Uncertainty over Income Tax Treatments. The notification clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the uncertain tax treatment. This notification is effective for annual reporting periods beginning on or after April 1, 2019. As per the Company's assessment, there are no material income tax uncertainties over income tax treatments.

(o) Earnings per share

The basic earnings per share (EPS) is computed by dividing the net profit attributable to equity shareholders for the period, by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed using the weighted average number of equity and dilutive (potential) equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

4 Significant accounting policies (*Continued*)

(p) Provisions and Contingencies

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is more likely than not that an outflow of economic benefits will be required to settle the obligation. Provisions are discounted where the effect of discounting is material at a pre-tax rate that reflects current market assessments of the time value of money. Unwinding of the discount (accretion) is recognized as a finance cost. Discount rates are assessed and projected timing of future obligations each reporting period.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

(q) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(r) Share capital

Common stock issued by the Group is classified as equity net of directly attributable expenses when there is no contractual obligation to transfer cash or other financial assets to the holder of shares. Incremental costs directly attributable to the issue of equity instruments are recognised in equity, net of tax.

Dividends and others distributions to holders of the Group's equity instruments are recognised directly in equity.

(s) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as non-current investments.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Consolidated statement of profit and loss.

Cost of investments include acquisition charges such as brokerage, fees and duties.

(t) Government grants

Grants and subsidies from the government are recognised if the following conditions are satisfied.

- There is reasonable assurance that the Group will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

Government grants are recognised in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.

Government grants are amortised to the Consolidated statement of profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

(u) Provisioning / Write – Off of assets as per RBI Prudential Norms for finance services

Non- Performing loans are written off / provided as per the minimum provision required under the Non- Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

Provision on standard assets is made as per management estimates and is more than as specified in the RBI notification DNBS.PD.CC.No.207/03.02.002 /2010-11 and amended vide RBI notification no. RBI/2014-15/29 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November, 10, 2014.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

4 Significant accounting policies (*Continued*)

(v) *Loans for finance services*

Loans are stated at the amount advanced and expenses recoverable, as reduced by the amounts received up to the balance sheet date.

(w) *Events after reporting date*

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted with the Consolidated financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

(x) *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services, which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

The segment managers report directly to the Managing Director and CEO of the Group who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

(y) *Provisioning / Write – Off of assets as per RBI Prudential Norms for finance services*

Non- Performing loans are written off / provided as per the minimum provision required under the Non- Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

Provision on standard assets is made as per management estimates and is more than as specified in the RBI notification DNBS.PD.CC.No.207/03.02.002 /2010-11 and amended vide RBI notification no. RBI/2014-15/29 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November, 10, 2014.

(z) *Loans for finance services*

Loans are stated at the amount advanced and expenses recoverable, as reduced by the amounts received up to the balance sheet date.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Million)

5 Property, plant and equipment and capital work-in- progress

Particulars	Free hold land	Warehouse buildings	Silo	Plant and equipments	Office buildings	Meteorological instruments ⁺⁺	Laboratory equipment	Computer hardware	Electrical installation and fittings	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles	Total assets
Cost :														
As at 1 April 2018	1,672.1	2,371.5	279.8	183.1	49.9	262.3	93.0	49.6	67.1	38.1	13.2	51.2	0.4	5,131.1
Add: Additions during the year	443.3	419.7	3.5	50.2	4.9	6.8	355.6	12.3	19.9	10.5	40.7	120.8	-	1,488.2
Less: Assets Retired	0.4	-	-	-	-	-	-	0.6	-	-	-	-	-	1.0
At 1 April 2019	2,115.0	2,791.2	283.3	233.3	54.8	269.1	448.6	61.3	87.0	48.6	53.9	172.0	0.4	6,618.3
Add: Additions during the year	208.3	30.4	2.5	0.7	-	9.7	2.0	3.4	-	1.9	0.3	5.6	-	264.8
Less: Assets Retired	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2020	2,323.3	2,821.6	285.8	234.0	54.8	278.8	450.6	64.7	87.0	50.5	54.2	177.6	0.4	6,883.1
Depreciation :														
As at 1 April 2018	-	109.5	5.2	44.8	2.2	211.1	72.3	41.2	22.0	21.4	6.7	28.2	0.4	565.0
Depreciation for the year	-	48.8	5.3	26.0	1.0	17.5	27.1	5.7	15.4	6.2	4.2	13.2	-	170.4
Less: on disposals	-	-	-	-	-	-	-	0.6	-	-	-	-	-	0.6
At 1 April 2019	-	158.3	10.5	70.8	3.2	228.6	99.4	46.3	37.4	27.6	10.9	41.4	0.4	734.8
Depreciation for the year	-	53.6	5.4	26.1	1.0	11.8	41.2	6.5	16.2	6.7	5.4	18.0	-	191.9
Less: on disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2020	-	211.9	15.9	96.9	4.2	240.4	140.6	52.8	53.6	34.3	16.3	59.4	0.4	926.7
Carrying amounts														
At 31 March 2019	2,115.0	2,632.9	272.8	162.5	51.6	40.5	349.2	15.0	49.6	21.0	43.0	130.6	0.0	5,883.5
At 31 March 2020	2,323.3	2,609.7	269.9	137.1	50.6	38.4	310.0	11.9	33.4	16.2	37.9	118.2	0.0	5,956.4

Capital work-in-progress	31 March 2020	31 March 2019
Opening balance	1,274.1	972.9
Additions during the year	831.4	1,789.3
Capitalised during the year	(264.8)	(1,488.1)
Closing balance	1,840.7	1,274.1

⁺⁺ includes assets given on operating lease for a period of three years amounting to Nil (31 March 2019 : 27.5)

National Collateral Management Services Limited

Notes to the Consolidated financial statements (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees in Million)

5 Property, plant and equipment and capital work-in- progress (*Continued*)

Notes:

1 Security

Long-term loan taken from Consortium of banks amounting to 549 (Yes Bank Ltd amounting to 100 ; ICICI Bank amounting to 57 and NABARD amounting to 392) and NCD issued to FMO amounting to 3,200 and (31 March 2019: 1,581 (Yes Bank Ltd amounting to 526 ; ICICI Bank amounting to 439 and NABARD amounting to 616) is secured by:

- First ranking pari passu mortgage and charge over the 21 immovable (whether tangible or intangible) project properties and assets (including Insurance Contracts), both present and future between NABARD and Debenture Holder, FMO and exclusive mortgage and charge over the 8 immovable (whether tangible or intangible) project properties and assets (including Insurance Contracts), both present and future with Debenture Holder, FMO. Security charge in respect of the Debentures has been created subsequent to 31 March 2020.

- Lien on respective fixed deposit provided to NABARD (Rs. 230), Yes bank (Rs. 110) and ICICI Bank (Rs. 66)

- Second ranking pari passu charge on the Current Assets, both present and future for Yes bank and ICICI bank

- Assignment of all the Clearances of the Obligor (to the extent assignable under Applicable Law and to the satisfaction of the Rupee Lender).

- First ranking pari passu assignment of the Obligor's rights under each of the Project Documents, Consents to Assignment from the relevant counterparties to such Project Documents to the satisfaction of the Facility Agent.

- First ranking pari passu charge on the Accounts formed under the Escrow Account Agreement and any other bank accounts of the Obligor or to be created by the Obligor under any Project Documents and all monies in such accounts.

- First ranking pari passu assignment on any letter of credit and/or performance bonds and/ or guarantee provided by any Contractor/ counter-party in favour of the Obligor.

- Long term loan taken from Yes bank amounting to 328 (31 March 2019: Nil) is secured by Exclusive charge on all the movable assets and immovable assets of NCML Bhattu Pvt. Ltd.

2 Property, plant and equipments includes capitalised borrowing costs aggregating to Rs. 513 (31 March 2019: Rs. 279) related to the construction of warehouse, office building and set up of laboratory equipments calculated using a capitalisation rate of 8.50% to 10.70%.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Million)

6.1 Intangible assets

Particulars	Computer software	License	Total - Intangible assets
Cost :			
As at 1 April 2018	75.9	8.8	84.7
Add: Additions during the year	8.4	-	8.4
Less : Disposals during the year	-	-	-
At 31 March 2019	84.3	8.8	93.1
Add: Additions during the year	58.0	-	58.0
Less : Disposals during the year	-	-	-
At 31 March 2020	142.3	8.8	151.1
Amortisation:			
As at 1 April 2018	47.7	1.9	49.6
Amortisation for the year	16.0	0.9	16.9
Less: Disposals during the year	-	-	-
At 31 March 2019	63.7	2.8	66.5
Amortisation for the year	25.3	0.9	26.2
Less: Disposals during the year	-	-	-
At 31 March 2020	89.0	3.7	92.7
Carrying amounts			
At 31 March 2019	20.6	6.0	26.6
At 31 March 2020	53.3	5.1	58.4

Amortisation

Computer software is amortised on straight line method over a year of 3 years based on the economic useful life as estimated by the Company's management and is charged of to depreciation and amortisation expense in the statement of profit and loss.

License pertains to RBI License to carry out NBFC activities by the wholly owned subsidiary of the Holding Company - NCML Finance Private Limited

6.2 Intangible assets under development

	31 March 2020	31 March 2019
Computer Software	0.9	40.3
BOT Project*	86.2	50.5
	87.1	90.8

* One of subsidiary company is constructing the assets covered under 'Service concession arrangement' i.e. License Agreement with Food corporation of India. During the construction phase, these assets are classified as 'Intangible assets under development'. The above includes own assets which are being constructed and will be classified as 'Property, plant and equipment' on completion of the construction.

Disclosure pursuant to Appendix - C to Ind AS 115- "Service concession agreement"(SCA)

Disclosure with regard to service concession agreement - BOT Project (Intangible Asset)

Name of Concessionaire	Start of concession period under concession agreement (Appointed date)	End of concession period under concession agreement	Period of concession since the appointed date	Construction completion date or scheduled construction completion date under the concession agreement, as applicable
NCML KB Private Limited	05-Nov-19	28-Apr-51	31.5	28-Apr-21

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
7 Loans		
<i>(Unsecured, considered good)</i>		
To parties other than related parties		
Security deposits	35.3	-
<i>(Secured, considered good)</i>		
Loans and Advances **	334.9	124.2
	<u>370.2</u>	<u>124.2</u>
** secured by way of charge on immovable properties.		
8 Other financial assets		
<i>(Unsecured, considered good)</i>		
To parties other than related parties		
Fixed deposits*	337.8	31.4
Interest receivable on fixed deposits	7.8	3.8
Advance paid to AWSP for investment in equity shares	0.9	-
	<u>346.5</u>	<u>35.2</u>
* Restrictions on fixed deposits		
Bank guarantee	73.2	9.1
Lien	264.6	22.3
	<u>337.8</u>	<u>31.4</u>
9 Deferred tax assets (net)		
Deferred tax assets (net) (Refer note 41(d))	481.3	209.2
	<u>481.3</u>	<u>209.2</u>
10 Other non-current assets		
<i>(Unsecured, considered good)</i>		
To parties other than related parties		
(a) Capital advances	215.3	141.1
(b) Advances other than capital advances		
(i) Balance with VAT authorities	-	11.9
(ii) Prepaid expenses	4.0	8.3
(iii) TDS receivable	-	4.5
	<u>219.3</u>	<u>165.8</u>
11 Inventories		
<i>Stock in trade</i>		
<i>Commodity inventories at fair value</i>		
Commodities	52.1	497.9
<i>Inventories at the lower of cost and net realisable value</i>		
Commodities	638.2	3,166.0
Stores and consumables		
Consumables	15.5	15.6
Dunnage	3.0	3.1
	<u>708.8</u>	<u>3,682.6</u>
Inventories recognised as an expense in cost of goods sold	<u>6,804.8</u>	10,136.4
	<u>6,804.8</u>	10,136.4

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
12 Trade receivables		
From parties other than related parties		
Secured, considered good	223.6	524.3
Unsecured, considered good	723.9	763.4
Unsecured, significant increase in credit risk	-	-
Unsecured, credit impaired	330.8	258.7
Provision for credit impaired	(330.8)	(258.7)
From related parties		
Unsecured, considered good	-	0.3
Total	947.5	1,288.0

The group's trade receivables that are impaired and the movement of provision for credit impaired are as follows:

Trade receivables	1,278.3	1,546.7
Less : Provision for credit impaired	(330.8)	(258.7)
	947.5	1,288.0

Movement in provision for credit impaired account :

Balance as at the beginning of the year	258.7	290.2
Charge for the year	72.1	-
Reversal of provision on written off of bad debts	-	(31.5)
Balance as at the end of the year	330.8	258.7

13 Cash and cash equivalents

Balances with banks - in current accounts #	116.4	169.4
Cash on hand	0.0	0.1
	116.4	169.5

The Group does not earn any interest on balances with banks in current accounts and daily operating account for transactions.

* Short-term deposits are made for varying years between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short- term deposit rates-Note-14

Cash and cash equivalents:

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

Cash and bank balance as above	116.4	169.5
	116.4	169.5

14 Bank balances other than cash and cash equivalents

Fixed deposit account with banks (with original maturity more than 3 months but less than 12 months)*	2,685.7	989.9
Other bank balance #	173.8	64.7
Escrow Account	50.6	22.9
	2,910.1	1,077.5

* Restrictions on fixed deposits

Bank guarantee	344.5	556.2
Lien against claim	2,329.5	407.6
Against Bank overdraft	-	0.1
Letter of credit	11.7	26.0
	2,685.7	989.9

Other bank balance pertains to money lying in Subsidy Reserve Fund (SRF) account with NABARD towards subsidy granted to the Company which will be adjusted against the loan amount received from NABARD.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
15 Loans		
<i>(Secured and considered good)</i>		
To parties other than related parties		
- Loans and advances for standard assets *	1,235.0	2,636.9
<i>(Unsecured, considered good)</i>		
Security deposits	80.3	119.3
- Loans and advances for standard assets *	0.4	
<i>(Secured and considered doubtful)</i>		
Loans and advances for non-performing assets *	4.6	80.4
<i>(Unsecured, considered doubtful)</i>		
Loans and advances for non-performing assets *	9.1	5.5
Interest accrued but not due on short term loans and advances	-	16.8
	<u>1,329.4</u>	<u>2,858.9</u>
* Secured by hypothecation of agriculture commodities, and/or, charge over current assets		
There are no current loans which has significant increase in credit risk.		
16 Other financial assets		
<i>(Unsecured, considered good)</i>		
from parties other than related parties, unless otherwise stated		
Receivable for auction proceeds	-	0.7
Other advances	-	13.6
Insurance claim receivable	462.7	431.3
Compensation receivable	17.2	18.9
Interest accrued but not due on short term loans and advances	10.4	-
Interest receivable on income tax refund	14.9	23.3
Interest accrued on fixed deposits	57.9	45.8
Unbilled revenue	37.6	2.4
Amounts recoverable from rice millers		
- considered good	92.6	-
- considered doubtful	30.0	-
	<u>122.6</u>	-
Less: Provision for doubtful advances	<u>(30.0)</u>	-
	<u>92.6</u>	-
	<u>693.3</u>	<u>536.0</u>
17 Other current assets		
<i>(Unsecured, considered good)</i>		
To parties other than related parties		
Balance with government authorities	46.6	131.9
Advance to suppliers	31.6	149.6
Advance to employees	34.9	31.6
Prepaid expenses	26.4	80.7
Others	0.7	194.2
	<u>140.2</u>	<u>588.0</u>

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Million)

31 March 2020 31 March 2019

18.1 Equity share capital

Share capital

Authorised :

200,000,000 (31 March 2019 : 200,000,000) Equity shares of 10 each 2,000.0 2,000.0

Issued, subscribed and paid up

147,411,736 (31 March 2019 : 147,369,736) Equity shares of 10 each, fully paid up 1,474.1 1,473.7

1,474.1 1,473.7

- a) The reconciliation of the shares outstanding at the beginning and at the end of the year is as below:

	31 March 2020		31 March 2019	
	No. of shares	Amount (INR)	No. of shares	Amount (INR)
Number of equity shares at the beginning of the year	147	1,474	147.4	1,473.7
Add: Equity shares issued during the year	0	0	-	-
Number of equity shares at the end of the year	147	1,474	147.4	1,473.7

- b) The Group has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividends as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Group. Voting rights can not be exercised in respect of shares on which any call or other sums presently payable have not been paid. On winding up of the Group, the holders of equity shares will be entitled to receive the residual to the number of equity shares held.

- c) Shares held by holding company

	31 March 2020		31 March 2019	
	Number of equity shares held	Amount (INR)	Number of equity shares held	Amount (INR)
Equity shares of Rs. 10 each fully paid up held by FIH Mauritius Investments Limited	131.9	1,319.4	131.9	1,319.4

- d) The details of shareholders holding more than 5% of the equity shares of the Company as at year end are as below :

Name of shareholders	31 March 2020		31 March 2019	
	Number of equity shares held	Percentage holding	Number of equity shares held	Percentage holding
FIH Mauritius Investments Limited	131.9	89.53%	131.9	89.53%

- e) Shares reserved for issue under options

(NCML 2014 Employee Stock Option Scheme)

NCML 2014 ESOP plan provides for the grant of stock options to eligible employees. The Board of Directors recommended NCML 2014 ESOP plan to shareholders on 1 September 2014 and the shareholders approved the recommendations of the board on 30 September 2014. The plan entitles key management personnel and senior employees to purchase shares in the company at the stipulated exercise price, subject to compliance with vesting conditions.

(NCML 2016 Employee Stock Option Scheme)

NCML 2016 ESOP plan provides for the grant of stock options to eligible employees. The Board of Directors recommended NCML 2016 ESOP plan to Shareholders on 5 August 2016 and the Shareholders approved the recommendations of the Board on 5 August 2016. The plan entitles key management personnel and senior employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
18.2 Other equity		
(i) Securities premium		
At the commencement and the end of the year (refer sub-note 1)	3,909.7	3,909.7
Add: Securities premium received on issue of equity shares	0.6	-
Closing balance (refer sub-note 1)	<u>3,910.3</u>	<u>3,909.7</u>
(ii) Statutory reserve pursuant to section 45-IC of the RBI act, 1934		
Opening balance	26.6	17.2
Add: Transferred from surplus in statement of profit and loss	9.4	9.4
Closing balance (refer sub-note 5)	<u>36.0</u>	<u>26.6</u>
(iii) Retained earnings		
Opening balance	1,954.3	1,811.1
(Loss)/Profit for the year	(584.2)	156.2
Remeasurement of the net defined benefit liability, (net of tax)	(3.5)	1.4
Less: Transferred to statutory reserve	(9.4)	(9.4)
Less: Transferred to special reserve (refer sub-note 3)	(5.0)	(5.0)
Add: Employee stock options	1.8	-
Closing balance (refer sub note 2)	<u>1,354.0</u>	<u>1,954.3</u>
(iv) Special reserve		
Opening balance	37.5	32.5
Add: Transferred from surplus in statement of profit and loss	5.0	5.0
Closing balance (refer sub-note 3)	<u>42.5</u>	<u>37.5</u>
(v) Share options outstanding account		
At the commencement of the year	95.1	70.6
Employee compensation expense for the year (refer note 33)	(63.3)	24.5
Closing balance (refer sub-note 4)	<u>31.8</u>	<u>95.1</u>
(vi) Capital reserve		
At the commencement and the end of the year	<u>0.7</u>	<u>0.7</u>
(vi) Equity component of compound financial instrument	308.9	
- equity component of compulsory convertible debentures (refer note 19.4)		
Total	<u><u>5,684.2</u></u>	<u><u>6,023.9</u></u>

Sub-note:

- Securities premium is received pursuant to the further issue of equity shares at a premium net of the share issue expenses. This is a non-distributable reserve except for the following instances where the share premium account may be applied;
 - towards the issue of unissued shares of the Company to the members of the Company as fully paid bonus shares;
 - for the purchase of its own shares or other securities; and
 - in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares of the Company
- Retained earnings represents the accumulated profits of the Company.
- Special reserve - In view of contingencies as may arise due to the peculiar nature of the Holding Company's business, a sum of ₹ 5 (31 March 2019: ₹ 5) has been transferred from surplus in the statement of profit and loss to Special Reserve.
- Share options outstanding account -Share-based compensation reserves represent the equity-settled shares and share options granted to employees . The reserve is made up of the cumulative value of services received from employees recorded over the vesting year commencing from the grant date of equity-settled shares and share options and is reduced by the expiry of the share options.
- Statutory Reserve- NCML Finance Private Limited a wholly owned subsidiary of the Holding Company, makes transfer from retained earnings to Statutory Reserve pursuant to section 45-IC of the RBI Act, 1934.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
19 Borrowings (Non-current)		
<u>Secured loan:*</u>		
<u>Term loan</u>		
(i) from banks (refer note (a),(b) and (g) below)	472.2	782.0
(ii) from financial institutions (refer note (c) below)	168.0	392.0
(ii) from Non Convertible Debenture (refer note (f) below)	3,200.0	-
Less : Unamortise transaction cost	(58.0)	-
<u>Unsecured loan</u>		
Compulsory Convertible Debentures	732.6	-
	4,514.8	1,174.0

* Amount disclosed under "Other financial liabilities - Current maturities of long-term debt" 237 (31 March 2019: 407) (Refer note 25)

The Group's exposure to interest risk and liquidity risks are disclosed in note to the consolidated financial statements.

Sub-notes:

1 Nature of Security

Terms:

- (a) Long-term loan taken from Yes bank amounting to 100 (31 March - Term loan taken from Consortium of banks carries interest rate at base 2019: 254) are secured by way on lien on Fixed deposit of Rs. 110 and rate plus 0.25%, repayable in 32 unequal quarterly installments starting undermentioned security: from 30 June 2015
- (b) Long-term loan taken from ICICI Bank amounting to 57 (31 March - Term loan taken from ICICI banks carries interest rate at base rate plus 2019: 439) are secured by way on lien on Fixed deposit of Rs. 66 and 0.15%, repayable in 33 (thirty three) unequal quarterly installments undermentioned security: starting from 28 March 2016
- (c) Long-term loan taken from NABARD amounting to 392 (31 March - Term loan taken from NABARD at interest rate of 9.50% pa , repayable 2019: 616) are secured by way on lien on Fixed deposit of Rs. 230 and in 20 equal quarterly installments of 56 starting from 1 January 2017. undermentioned security:
- (d) Long-term loan taken from Yes Bank amounting to NIL (31 March - Term loan taken from Yes Bank at interest rate as per three months 2019: 162) is secured by undermentioned security: marginal cost of lending rate, repayable in 35 un-equal quarterly installments starting from 30 September 2016. The loan has been repaid during the year.
- (e) Long-term loan taken from Yes Bank amounting to NIL (31 March - Term loan taken from Yes Bank carries interest rate at three months 2019: 111) is secured by undermentioned security: marginal cost of lending rate plus 0.25% repayable in 16 equally quarterly installments starting from 30 June 2017. The loan has been repaid during the year.
- (f) Long-term loan in the form of NCD issued to Debenture Holder (as on - Long-term loan in the form of NCD carries interest rate 9.47% p.a., 31st March 2020 - FMO) amounting to 3,200 (31 March 2019: NIL) is repayable after 36 months (Rs. 213) and after 42 months (Rs. 2,987) or as secured by undermentioned security: may be extended in accordance with the terms of the Debenture Trust Deed.
- (g) Long-term loan taken from Yes Bank amounting to 328 (31 March - Term loan taken from Yes bank carries interest rate at 3 months MCLR 2019: Nil) is secured by Exclusive charge on all the movable assets and plus 0.17%, repayable in 68 unequal quarterly installments. immovable assets of NCML Bhattu Pvt. Ltd.

Security:

- First ranking pari passu mortgage and charge over the 21 immovable (whether tangible or intangible) project properties and assets (including Insurance Contracts), both present and future between NABARD and Debenture Holder, FMO and exclusive mortgage and charge over the 8 immovable (whether tangible or intangible) project properties and assets (including Insurance Contracts), both present and future with Debenture Holder, FMO. Security charge in respect of the Debentures has been created subsequent to 31 March 2020.
- Second ranking pari passu charge on the Current Assets, both present and future for Yes bank and ICICI bank
- Assignment of all the Clearances of the Obligor (to the extent assignable under Applicable Law and to the satisfaction of the Rupee Lenders)
- First ranking pari passu assignment of the Obligor's rights under each of the Project Documents, Consents to Assignment from the relevant counterparties to such Project Documents to the satisfaction of the Facility Agent
- First ranking pari passu charge on the respective Accounts formed under the Escrow Account Agreement and any other bank accounts of the Obligor or to be created by the Obligor under any Project Documents and all monies in such accounts
- Lien on respective Fixed Deposit provided to NABARD (Rs. 230), Yes bank (Rs. 110) and ICICI Bank (Rs. 66)

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Million)

19 Borrowings (Non-current) (Continued)

Security:

- First ranking pari passu assignment on any letter of credit and/or performance bonds and/ or guarantee provided by any Contractor/ counter-party in favour of the Obligor.

- Exclusive charge on all the movable assets and immovable assets of NCML Bhattu Pvt. Ltd.

2 Default in repayment of principal and interest Nil (31 March 2019 : Nil)

3 The Group has not breached any covenants attached to the loans during the current year and previous year

Fair value and carrying value of Borrowings

	Interest rate	Maturity	31 March 2020	
			Fair value	Carrying Amount
Non-current liabilities				
Secured loan:				
Term loan from Yes bank	8.80% to 9.66%	30 September 2023	100.0	100.0
Term loan from Yes bank	9.37% to 9.45%	25 July 2039	328.0	328.0
Term loan from ICICI bank	8.90% to 9.30%	31 May 2024	57.4	57.4
Term loan from financial institutions - NABARD	9.50%	01 January 2022	392.0	392.0
Term loan in form on NCD	9.47%	19 September 2023 or as extended in accordance with DTD	3,200.0	3,200.0
Unsecured loan - Compulsory convertible debentures			732.6	732.6
Total interest-bearing liabilities			4,810.0	4,810.0
Borrowings shown as current/ non current				
Current				237.2
Non- Current				4,572.8

19 Loans and borrowings (Non-current) (Continued)

Face value and carrying value of Borrowings (continued)

	Interest rate	Maturity	31 March 2019	
			Fair value	Carrying Amount
Non-current liabilities				
Secured loan:				
Term loan from Yes bank	8.80% to 9.66%	30 September 2023	253.6	253.6
Term loan from ICICI bank	8.9% to 8.99%	31 March 2024	439.1	439.1
Term loan from financial institutions - NABARD	9.50%	1 November 2021	616.0	616.0
Term loan from Yes bank	8.80% to 9.66%	30 June 2025	161.9	161.9
Term loan from Yes bank	8.80% to 9.66%	30 June 2021	110.8	110.8
Total interest-bearing liabilities			1,581.4	1,581.4
Borrowings shown as current/ non current				
Current				407.4
Non- Current				1,174.0

4. During the year ended 31 March 2020, the Company on a private placement basis offered to issue upto 112,000,000 unsecured compulsory convertible debentures (CCD) of Rs 10 each at par to the equity shareholders of the Company on its records as at 6 September 2019. Pursuant to the offer the Holding Company, FIH Mauritius Investments Ltd, subscribed to 100,274,482 CCD, in the proportion of its holding. These CCD were subsequently allotted on 1 October 2019. The coupon rate for the compulsory convertible debentures is 12.50%.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
20 Non Current - Lease Liabilities		
Lease liabilities (refer note no 39)	37.2	-
Current - Lease Liabilities		
Lease liabilities (refer note no 39)	14.5	
21 Provisions (non-current)		
Provision for leave encashment (refer note no 49)	30.7	27.7
Provision for compensated absences (refer note no 49)	2.2	-
Provision for standard assets	0.9	-
Provision for gratuity (refer note no 49)	0.5	-
	<u>34.3</u>	<u>27.7</u>
22 Other non-current liabilities		
Government grants (refer note no 48)	155.3	112.9
	<u>155.3</u>	<u>112.9</u>
23 Borrowings (Current)		
<u>Secured loan:</u>		
(a) Loans repayable on demand		
From Banks		
Short term loans (refer sub-note 1)	2,784.4	4,148.0
Cash credit facility (refer sub-note 2)	475.2	1,181.9
Interest accrued but not due on term loans from banks	38.4	17.9
From Others		
Commercial Papers	-	2,000.0
	<u>3,298.0</u>	<u>7,347.8</u>

Sub-notes:

1 Nature of Security

Terms:

Short-term loan taken from HDFC Bank amounting to 722 (31 March 2019 : 1,136) is secured by way of charge on stock of commodities and receivables, ranking pari passu among participating banks.) Short-term loan carries interest in the range of 8.05% to 8.30% repayable over 3 days to 76 days (31 March 2019 Short-term loan carries interest at 8.65% repayable over 78 days to 180 days)

Short-term loan taken from CITI Bank amounting to NIL (Secured by The loan has been repaid during the year. (31 march 19 Short-term loan way of charge on stock of commodities and receivables, ranking pari carries interest at 8.75% repayable over 60 days to 89 days) passu among participating banks.) (31 March 2019 - 400)

Short- term loan taken from Karur Vysya Bank Limited amounting to 200 (31 March 2019: 200) is secured by way of charge on stock of days (31 March 2019 Short-term loan carries interest at 9.40% 200 commodities and receivables, ranking pari pasu among participating repayable in 61 days) banks

Short-term loan and Buyer credit taken from Yes Bank amounting Rs. 772 (31 march 2019 Short-term loan NIL (31 March 2019 : 772) is secured by way of charge on stock of carries interest at 9.99% repayable in 30 days, Supplier Credit carries commodities and receivables, ranking pari passu among participating interest in the range of 3.15% to 3.31% repayable over 17 days to 36 days.) banks.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Million)

23 Borrowings (Current) (Continued)

1 Nature of Security

Terms:

Short-term loan taken from IDBI Bank amounting to 150 (31 March - Short-term loan carries interest at 8.80% 150 repayable in 11 days (31 March 2019 :Nil) is secured by way of charge on stock of commodities and Mar 2019 - Nil) receivables, ranking pari passu among participating banks.

Short-term loan taken from IndusInd Bank amounting to 635 (31 March -Short-term loan carries interest at 9.55% repayable over 7 days to 55 days (31 March 2019 :Nil) is secured by way of charge on stock of commodities and (31 March 2019 - NIL) receivables, ranking pari passu among participating banks.

Short - term loan taken as Commercial paper amounting to NIL (31 March 2019 Short-term loan March 2019 : 2000) is unsecured. The loan has been repaid during the year. (31 March 2019 Short-term loan carries interest in the range of 8.70% to 9.10% repayable in 90 days)

Short-term loan taken from Kotak Bank amounting to 556 (31 March Short-term loan carries interest in the range of 8.40% to 8.50% repayable (31 March 2019 :715) and buyers credit Rs. Nil (31 March 2019 :81) is secured by way of charge on stock of commodities and receivables, ranking pari passu among participating banks. Short-term loan carries interest in the range of 8.95% to 9.05% repayable over 60 days to 176 days and Supplier Credit carries interest at 3.17% repayable in 47 days)

Short-term loan taken from Kotak Mahindra Bank amounting to INR 300 as on 31 March 2020 (31 March 2019 :INR 300) Short-term loan carries interest at 8.85% - 9.00% p.a. (31 March 2019: 8.05% - 10.00% p.a.). repayable in 70-146 days from 31 March 2020, is secured by way of charge on receivables from financing business, ranking pari passu among participating banks.

Short-term loan taken from Axis Bank amounting to INR 88 as on 31 March 2020 (31 March 2019 : INR 194). Short-term loan carries interest at 8.95% - 9.00% p.a. (31 March 2019: 8.95% - 9.10% p.a.). repayable in 100 -135 days from 31 March 2020, is secured by way of charge on receivables from financing business, ranking pari passu among participating banks.

Short-term loan taken from ICICI Bank amounting to INR 133 as on 31 March 2020 (31 March 2019 : INR Nil) Short-term loan carries interest at 9.45% - 9.65% p.a. (31 March 2019: Nil). repayable in 30-52 days from 31 March 2020, is secured by way of charge on receivables from financing business, ranking pari passu among participating banks.

2 Cash credit and overdraft facility from banks carry interest ranging between 9.00% - 10.65% p.a., computed on a monthly basis on the actual amount utilised, and are repayable on demand. Cash credit facility from bank is secured by way of charge on stock of commodities and receivables, ranking pari passu among participating banks.

3 Default in repayment of principal and interest Nil. (31 March 2019 : Nil)

4 The Group has not breached any covenants attached to the loans.

5 Fair value and carrying value of Borrowings

	Nominal interest rate	31 March 2020	
		Maturity	Carrying amount
Current liabilities			
Secured cash credit facility	9.00% to 10.65%	Less than 1 year	475.2
Secured short term loan *	8.30% to 9.65%	Less than 1 year	2,784.4
Commercial paper	8.60%	Less than 1 year	-
Total interest-bearing liabilities			3,259.6

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees in Million)

23 Borrowings (Current) (Continued)

5 Fair value and carrying value of Borrowings (Continued)

	Nominal interest rate	31 March 2019	
		Maturity	Carrying amount
Current liabilities			
Secured cash credit facility	8.40% to 10.60%	Less than 1 year	1,181.9
Secured short term loan	8.65% to 9.99%	Less than 1 year	4,148.0
Commercial paper	8.70% to 9.10%	Less than 1 year	2,000.0
Total interest-bearing liabilities			7,329.9

* Secured Short Term loans includes Buyers Credit loan which are in foreign currency and interest rates ranges from 3.16% - 3.32%

	31 March 2020	31 March 2019
24 Trade payables		
Total outstanding dues of micro enterprise and small enterprise (refer note no 55)	-	-
Total outstanding dues of creditors other than micro enterprise and small enterprise	268.3	265.6
	268.3	265.6
25 Other financial liabilities		
Current maturities of long-term borrowings (Refer note 19)*	237.2	407.4
Security deposits	5.6	2.6
Retention money payable	-	14.8
Margin money payable	4.8	10.3
Payable towards property, plant and equipment	310.8	249.0
Payable to employees	14.7	7.8
	573.1	691.9
26 Other current liabilities		
Statutory dues Payable	53.3	45.6
Government grants (refer note 48)	2.7	2.6
Advance from customers	207.5	751.3
Other liabilities	0.2	15.6
	263.7	815.1
27 Provisions		
Provision for leave encashment (refer note no 49)	6.7	10.4
Provision for compensated absences (refer note no 49)	2.8	2.1
Provision for gratuity (refer note no 49)	27.3	16.8
Provision for litigations (refer note no 52)	394.2	411.5
Provision for standard assets	3.3	6.9
Provision for non performing assets	9.5	8.6
Provision for Tax (net of advances)	-	(9.8)
Provision for Bonus	-	0.2
Provision for Expected Credit Loss (ECL)	0.2	0.1
	444.0	446.8

* Current maturities out of total long-term borrowings of INR 4,077.4 (31 March 2019 : INR 1,581.4).

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
28 Revenue from operations		
(a) Sales of goods	6,643.1	10,557.1
(b) Sale of services :		
Warehousing services	1,306.1	1,583.0
Testing and certification	241.2	296.7
Weather and market intelligence	131.9	115.2
Lease revenue - weather stations	44.9	58.3
Vehicle management services	-	1.1
Construction contract revenue	5.7	-
Transaction Charge on E Auction	7.0	10.3
(c) Finance services:		
Interest income from finance operations	284.9	280.5
(d) Other operating income :		
Deferred payment charge	182.9	376.7
Other operating revenue	0.4	26.3
Service Concession Revenue	86.2	46.7
	<u><u>8,934.3</u></u>	<u><u>13,351.9</u></u>
29 Other income		
Liabilities no longer required written back	2.2	16.6
Provision for doubtful debts written back	-	31.5
Gain on sale of asset (net)	-	3.3
Miscellaneous income	2.2	11.3
Government grants (refer note no 48)	5.8	6.1
	<u><u>10.2</u></u>	<u><u>68.8</u></u>
30 Finance income		
Interest income on:		
- Fixed deposits	33.1	22.5
- Income tax refund	-	22.3
	<u><u>33.1</u></u>	<u><u>44.8</u></u>
31 Changes in inventories of stock-in-trade		
Opening stock - refer note 11		
Commodities at fair value	497.9	317.2
Commodities valued at lower of cost and net realisable value	3,166.0	5,458.5
	<u>3,663.9</u>	<u>5,775.7</u>
Less: Closing stock - refer note 11		
Commodities at fair value	52.1	497.9
Commodities valued at lower of cost and net realisable value	638.2	3,166.0
	<u>690.3</u>	<u>3,663.9</u>
	<u><u>2,973.6</u></u>	<u><u>2,111.8</u></u>

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
32 Cost of Operations		
Salary	3.5	-
Direct costs attributable to Silo Project	82.5	40.6
Technical and professional fees	0.2	
	<u>86.2</u>	<u>40.6</u>
33 Employee benefits expense		
Salaries, wages and bonus	600.2	559.1
Compensated absences (refer note no 49)	2.3	2.1
Contribution to provident fund and ESIC (refer note no 49)	25.4	28.2
Contribution towards gratuity (refer note no 49)	8.3	16.9
Shared based payments to employees (refer note no 47(d))	(53.6)	24.5
Staff welfare expenses	14.6	13.7
	<u>597.2</u>	<u>644.5</u>
Less: Transfer to Assets under construction - salaries, wages and bonus	122.6	117.6
Less: Transfer to Assets under construction - Shared based payments to employees	(1.5)	5.7
	<u>476.1</u>	<u>521.2</u>
34 Finance costs		
Interest on compulsory convertible debenture (refer note no 38)	11.6	-
Interest on non convertible debenture	43.4	-
Interest on short-term borrowings	373.8	554.7
Interest on long-term borrowings	243.4	163.7
Other borrowing costs - loan processing charges	2.8	4.1
Interest - others	10.7	-
	<u>685.7</u>	<u>722.5</u>
Less: Transfer to Assets under construction	218.0	125.3
	<u>467.7</u>	<u>597.2</u>
35 Depreciation and amortisation		
Depreciation on property, plant and equipment (refer note 5)	191.9	170.4
Amortisation on intangible assets (refer note 6.1)	26.2	16.8
Amortisation on right of use assets (refer note 39)	13.2	-
	<u>231.3</u>	<u>187.2</u>

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

	31 March 2020	31 March 2019
36 Other expenses		
Lease rentals:		
- Warehouse rent (refer note 39)	265.3	422.2
- Office rent (refer note 39)	57.2	59.5
Outsourcing expenses	147.9	237.0
Security expenses	59.4	99.8
Storage charges	63.8	81.2
Gunny bags consumed	-	36.3
Vehicle yard expenses	0.0	0.5
Dunnage and fumigation	36.6	31.7
Professional fees	94.5	53.7
Warehouse general expenses	131.4	110.6
Insurance	59.2	74.4
Freight inward	3.8	25.1
Weather station host charges	13.4	12.9
Loading and unloading charges	7.0	16.7
Lab consumables	6.1	6.3
Godown cleaning and maintenance expenses	4.7	7.2
Testing and certification charges	3.9	28.0
Travelling and conveyance expenses	49.5	132.8
Postage, courier and telephone charges	32.7	45.5
Cenvat credit expensed off	41.0	49.1
Repairs and maintenance - Others	57.1	46.8
Provision for doubtful debts	72.1	-
Provision for doubtful Advance	30.0	-
Loss on Surrender of Concession Agreement (Refer Note 59)	323.9	-
Credit impaired assets	19.4	-
Electricity charges	36.1	27.4
Rates and taxes	13.3	13.6
Bank charges	19.7	19.2
Books and periodicals	1.3	2.5
Recruitment expenses	17.2	7.3
Payment to auditors (refer note no 51)	7.0	5.9
Directors' sitting fees (refer note no 38)	2.0	1.9
Corporate social responsibility expenses (refer note no 53)	2.1	14.6
Commission expenses	2.1	2.3
Foreign exchange loss	0.9	-
Weather Station Expenses	40.8	47.9
Clearing and Forwarding expenses	0.2	72.3
Write off of loans and advances	3.2	8.8
Expected credit loss	0.2	0.1
Miscellaneous expenses	26.9	40.5
	<u>1,752.9</u>	<u>1,841.6</u>
Less: Transfer to Assets under construction	-	49.8
	<u><u>1,752.9</u></u>	<u><u>1,791.8</u></u>

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

37 Operating segments

a) Basis of segmentation:

The Group's operating segments are the strategic business units through which it operates and report the business: Warehousing services, Supply Chain, Finance services and Other Segments. Each of these segments has developed its own strategy, goals and tactics in alignment with Group's overall corporate strategy. Segment results are reviewed internally by the Managing Director and CEO on a regular basis for the purpose of making decisions regarding resource allocations and performance assessments. Segments have been identified in line with the Ind AS 108 "Operating Segments" taking into account the organization structure as well as differential risks and returns of these Segments. The Group has disclosed all the Business Segments as the primary segment. There is no reportable Secondary segment (Geographical Segment). Inter-segment transactions are determined on arm's length basis. The measurement principles of segments are consistent with those used in significant accounting policies which are as under:

a. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses, which relate to the Group as a whole and are not allocable to a segment on reasonable basis have been disclosed as un-allocable.

b. Segment assets and liabilities represent the assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Un-allocable".

The following summary describes the operations of each reportable segments.

Reportable segment	Operations
Warehousing services	These include warehousing services in owned, leased, franchise as well as field warehouses. These activities also include custodial warehousing services for bank.
Supply Chain	Procurement, Trading and Supply Chain Solutions
Finance Services	Commodity finance with focus on rural and agri - business finance domain
SILOs	Construction, operation and maintenance of Silo Complex for storage of food grain
Others	Other reportable segment comprise of: (i) Testing and certification - Testing the quality of commodities and issuing certificates regarding the same. (ii) Commodity and Weather intelligence - a) Price Polling is a neutral activity for collating spot price information for selected commodities on behalf of the clients. b) Weather Intelligence is an activity wherein weather data is collected from Meteorological Instruments and provided to the clients. c) Market Intelligence and Commodity Research reports are provided to the clients. (iii) Vehicle management services include custodial warehousing of vehicles for clients. (iv) Business of design and development of, or otherwise to deal in design development, publishing and support applications software(s) used to conduct e-commerce, e-mail, instant messaging, online storefronts and shopping carts among others.

b) Information about reportable segments:

Particulars	Warehousing services	Supply Chain	Finance services	SILOs	Others	Total
Segmental revenue :						
External revenue	1,305.3 (1,641.0)	6,826.0 (10,906.9)	284.9 (306.8)	86.2 (46.7)	431.9 (450.5)	8,934.3 (13,351.9)
Segmental expenses	1,104.7 (1,425.1)	6,859.2 (10,286.1)	248.0 (245.6)	416.7 (50.0)	459.1 (401.7)	9,087.7 (12,408.5)
Segment Results	200.6 (215.9)	(33.2) (620.8)	36.9 (61.2)	(330.5) 3.4	(27.2) (48.8)	(153.4) (943.4)
Unallocated expenses						263.6 (268.7)
Other income						10.2 (68.8)
Finance income						33.1 (44.8)
Finance costs						467.7 (597.2)
Profit/(loss) before tax						(841.4) (191.1)
Tax expenses						(257.1) (34.9)
(Loss)/ Profit for the year						(584.3) (156.2)

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

37 Operating segments (Continued)

b) Information about reportable segments: (Continued)

Particulars	Warehousing services	Supply Chain	Finance Services	SILOs	Others	Total
Segment assets	6,038.9	998.5	2,024.1	3,590.9	942.3	13,594.7
	(5,797.9)	(4,004.6)	(2,901.8)	(2,992.5)	(990.4)	(16,687.2)
Unallocated assets						3,166.7
						(1,692.2)
Total assets						16,761.5
						(18,379.4)
Segment liabilities	661.1	176.7	852.7	656.0	79.3	2,425.8
	(410.5)	(813.3)	(1,780.2)	(2,188.5)	(12.0)	(5,204.5)
Unallocated liabilities						7,177.4
						(5,677.4)
Total Liabilities						9,603.2
						(10,881.9)
Depreciation	100.8	-	3.9	0.1	79.8	184.6
	(54.2)	-	(3.4)	-	(67.4)	(125.0)
Unallocable depreciation						46.7
						(62.2)
Total depreciation						231.3
						(187.2)
Capital Expenditure	33.6	-	1.6	192.7	11.7	239.6
	(497.0)	-	(2.3)	(384.7)	(362.4)	(1,246.4)
Unallocable Capital Expenditure						83.2
						(250.2)
Total Capital Expenditure						322.8
						(1,496.6)

Note: Comparative figures are given in brackets are for the year ended 31 March 2019

c) Geographic information:

The Group primarily operates in domestic market ie in India , therefore disclosures relating to geographical segments is not applicable and accordingly not made.

d) Major customer :

There is no major customer during the year which generate revenue more than 10% and Revenue from two major customers of the Company of the supply chain segment represents approximately 2,673.4 (21% of total revenue from operations) of the Company's total revenues for the year ended 31 March 2019.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

38 Related parties

In accordance with the requirements of Ind AS -24 " Related Party Disclosures" , following are the details of the transactions during the year with the related parties of the Group.

Name of the related party	Nature of relationship
Fairfax India Holdings Corporation (w.e.f. 19 August 2015)	Ultimate Holding Company
FIH Mauritius Investments Limited (w.e.f. 19 August 2015)	Holding Company
Mr. Sanjay Kaul (Managing Director and CEO) (Till 23 September 2019)	Key management personnel
Mr. Sanjay Kaul (Non-executive Chairman) (w.e.f. 24 September 2019)	Key management personnel
Mr. Siraj A. Chaudhry (Managing Director and CEO) (w.e.f. 24 September 2019)	Key management personnel
Mr. Unupom Kausik (Deputy Managing Director)	Key management personnel
Mr. Anuj Kumar Vasdev (Chief Financial Officer) (w.e.f. 20 Jan 2020)	Key management personnel
Mr. Ashok Dhamankar (Chief Financial Officer) (Till 17 July 2019)	Key management personnel
Mr. Sanjay Khare (Company Secretary) (Till 31 July 2019)	Key management personnel
Ms. Priya Vaishnav (Company Secretary) (w.e.f. 7 August 2019)	Key management personnel
Ms. Zohra Chatterji	Independent Director
Mr. Sunil Behari Mathur	Independent Director
Mr. Pravin Kumar Vohra	Independent Director
Quess Corp Limited (Formerly known as IKYA Human Capital Solutions Ltd) (w.e.f. 19 August 2015)	Fellow subsidiary
Sterling Holidays Resorts Limited	Fellow subsidiary
Thomas Cook Limited (from 19 August 2015)	Fellow subsidiary

Transactions with controlling party:

Related party	Nature of transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
FIH Mauritius Investments Limited	Issue of Unsecured Compulsory Convertible Debentures	1,003	-
FIH Mauritius Investments Limited	Interest Expenses	62.7	-

Transactions with key management personnel :

Related party	Nature of transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
Mr. Sanjay Kaul (Till 23 September 2019)	Remuneration	10.3	23.3
	Employee stock compensation expense	(7.8)	3.2
	Post employment benefits	0.1	1.2
Mr. Sanjay Kaul (w.e.f.24 September 2019)	Consultancy Charges	10.4	-
Mr. Siraj A. Chaudhry (w.e.f. 24 September 2019)	Remuneration	15.6	-
	Post employment benefits	1.3	-
Mr. Unupom Kausik	Remuneration	13.3	13.2
	Employee stock compensation expense	(7.7)	3.1
	Post employment benefits	3.5	0.7
Mr. Anuj Kumar Vasdev (w.e.f. 20 Jan 2020)	Remuneration	2.2	-
	Post employment benefits	0.0	-
	Remuneration	2.8	9.5
Mr. Ashok Dhamankar (Till 17 July 2019)	Employee stock compensation expense	(3.0)	1.2
	Post employment benefits	-	0.7
	Remuneration	1.7	5.4
Mr. Sanjay Khare (Till 31 July 2019)	Employee stock compensation expense	(2.0)	0.8
	Post employment benefits	-	0.7
	Remuneration	0.7	-
Ms. Priya Vaishnav (w.e.f. 7 August 2019)	Employee stock compensation expense	-	-
	Post employment benefits	-	-
	Director Sitting Fees	0.3	0.3
Mr. Sunil Behari Mathur	Director Sitting Fees	0.4	0.4
Mr. Pravin Kumar Vohra	Director Sitting Fees	0.5	0.5
Ms. Zohra Chatterji	Director Sitting Fees	0.5	0.5

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

38 Related parties (Continued)

Transactions with Fellow Subsidiary :

Related party	Nature of transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
Quest Corp Limited (Formerly known as IKYA Human Capital Solutions Ltd)(w.e.f. 19 August 2015)	Outsourcing expenses	142.0	200.5
Sterling Holidays Resorts Limited	Business Seminar Expenses	-	1.0

Related party	Balances Outstanding	For the year ended 31 March 2020	For the year ended 31 March 2019
Thomas Cook Limited (w.e.f. 19 August 2015)	Balance Receivable	0.2	0.2
FIH Mauritius Investments Limited	Interest Payable	62.7	-

Terms and conditions of transactions with related parties

- (i) The sale of service to related parties are made on terms equivalent to those that prevail in arm's length transactions. Interest rate at which loan is received from the related party is also at arm's length. Outstanding balances at the year end are unsecured, interest free and will be settled in cash.
- (ii) In case of amount receivable from related parties assessment is undertaken at each financial year through examining the financial position of the related party, the market in which the related party operates and the accounting policy of the Group.

39 Disclosure on Ind-AS 116 Leases

Effective April 1, 2019, the Group has adopted Ind AS 116 'Leases', applied to all leases contracts existing on April 1, 2019 using the modified prospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability.

In Consolidated Statement of profit and loss for the current year, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance costs for interest accrued on lease liability.

The effect of depreciation and interest related to Right Of Use Asset and Lease Liability are reflected in the Consolidated Statement of Profit and Loss under the heading "Depreciation and Amortisation Expense" and "Finance costs" respectively under Note No 35 and 36.

Following are the changes in the carrying value of right of use assets for the year ended 31 March, 2020:

Particulars	For the year ended 31 March 2020
Balance as on April 1, 2019	-
Additions	81.6
Depreciation	(13.2)
Balance as on March 31, 2020	68.4

The following is the break-up of current and non-current lease liabilities as of 31 March, 2020:

Particulars	For the year ended 31 March 2020
Lease liabilities - Current	14.5
Lease liabilities - non-current	37.2
	51.7

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

39 Disclosure on Ind-AS 116 Leases

The following is the movement in lease liabilities for the year ended 31 March, 2020:

Particulars	For the year ended 31 March 2020
Opening balance	81.6
Addi	-
Interest charged	3.0
Payments made	(32.9)
Closing balance	51.7

Impact of adoption of Ind AS 116 for the year ended 31 March, 2020 is as follows:

Particulars	For the year ended 31 March 2020
Decrease in Other expenses by	(16.3)
Increase in Finance cost by	3.0
Increase in Depreciation by	13.2
Net Impact on the Statement of Profit and Los:	(0.1)

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases/Low value lease was Rs 322.5 for the year ended 31 March 2020.

Leases as lessor

The Group leasing arrangements are in respect of operating leases for automatic weather stations for weather data provision and silo complex. Lease income from operating leases is recognised on systematic basis. The future minimum lease receivables of non-cancellable operating leases are as under:

Operating lease revenue recognised in the statement of profit and loss for the year ended on 31 March 2020 aggregate to 44.9 (31 March 2019 : 58.3)

Operating lease commitments - Income

	As at 31 March 2020	As at 31 March 2019
Non later than 1 year	-	33.1
Later than 1 year and not later than 5 years	3,244.9	2,736.3
Later than 5 years	37,708.4	14,377.7

Operating lease commitments - Expenses

	As at 31 March 2020	As at 31 March 2019
Non later than 1 year	14.5	21.1
Later than 1 year and not later than 5 years	27.4	-
Later than 5 years	9.7	-

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

40 Earnings per share

		For the year ended 31 March 2020	For the year ended 31 March 2019
Basic earnings per share			
(Loss)/Profit for the year attributable to the owners of the Group (INR)	(A)	(584.3)	156
Number of equity shares outstanding at the beginning and at the end of the year (Nos)		147.4	147.4
Effects of equity share issued during the year		0.0	-
Total number of equity shares at the end of the year (Nos)		147.4	147.4
Weighted-average number of equity shares considered for basic earnings per share (based on date of issue of shares) (Nos)	(B)	147.4	147.4
Basic earnings per share of face value of INR 10 each	(A)/(B)	(3.96)	1.1
Dilutive earnings per share			
Weighted-average number of equity shares considered for basic earnings per share (based on date of issue of shares) (Nos)		147.4	147.4
Effect of dilutive potential equity shares			
No of employee stock options outstanding at the beginning of the year (Nos)		6.2	5.7
Issued / lapsed during the year (Nos)		(1.2)	0.5
No. of equity share to be issued on conversion of compulsory convertible debenture (Nos)		14.7	-
Total number of equity shares used to compute dilutive earning per share (Nos)		167.1	153.6
Weighted-average number of employee stock options for dilutive earning per share (Nos)	(C)	19.8	5.8
Weighted-average number of equity shares considered for dilutive earnings per share (based on date of issue of shares) (Nos)	(D)=(B)+(C)	167.2	153.2
(Loss)/Profit for the year considered for dilutive earning per share (INR)		(540.9)	156.2
Dilutive earnings per share of face value of INR 10 each #	(A)/(D)	(3.50)	1.0

Since the dilutive earning per share is anti-dilutive, dilutive earning per share is restricted to basic earning per share. (31 March 2019 Earnings per share has been retrospectively adjusted for the bonus element in respect of the rights issue.)

41 Income taxes

a) Amount recognised in the statement of profit and loss

	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax expense :		
Current year	13.3	49.8
	13.3	49.8
Deferred tax expense :		
Origination and reversal of temporary differences	(270.4)	(14.9)
	(270.4)	(14.9)
Tax expenses for current year	(257.1)	34.9

b) Amount recognised in OCI

	For the year ended 31 March 2020	For the year ended 31 March 2019
	Tax charge	Tax credit
Remeasurement gain / (losses) on post employment defined benefit	1.7	(0.6)

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

41 Income taxes (Continued)

c) Reconciliation of effective tax rate

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Percentage	Amount	Percentage	Amount
Profit/(Loss) before tax from continuing operations		(841.4)		191.1
Tax using the Group's domestic tax rate	34.94%	(294.0)	34.94%	66.8
Tax effect of:				
Tax claim/deduction	10.52%	(88.5)	3.11%	5.9
Tax adjustment on indexation of freehold land	1.21%	(10.2)	-5.92%	(11.3)
Non-deductible expenses	-22.06%	185.6	-13.85%	(26.5)
Deferred tax asset not recognised on carry forward losses	7.52%	(63.2)	14.69%	28.1
Deferred tax asset not recognised	0.00%	-	4.09%	7.8
Recognition of MAT Credit	0.00%	-	-16.21%	(31.0)
Others	-1.57%	13.2	-2.61%	(5.0)
	30.55	(257.1)	18.24	34.9

d) Movement in deferred tax balances

	Net balances at 1 April 2019	Recognised in the statement of profit and loss	Recognised in OCI	Balance at 31 March 2020		
				Net	Deferred tax asset	Deferred tax liabilities
Property, plant and equipment and intangible assets	(35.4)	(33.8)	-	(33.8)		(69.2)
Provision for standard assets	2.4	(0.9)		(0.9)	1.5	
Tax adjustment on indexation of freehold land	81.1	10.2	-	10.2	91.3	-
MAT Credit Entitlement	98.7	-	-	-	98.7	
Carry forward losses	28.1	63.2		63.2	91.3	
Employee benefits	21.1	2.8	1.7	4.5	25.6	-
Trade and other receivables	92.1	25.3	-	25.3	117.4	-
Impairment of Assets	-	124.6	-	124.6	124.6	-
MTM valuation of inventory	(65.9)	65.9		65.9	0.0	-
Other items	(13.0)	13.1	-	13.1	0.1	
Tax assets (liabilities) before set-off	209.2	270.4	1.7	272.1	550.5	(69.2)
Set-off of deferred tax liabilities					(69.2)	
Net deferred tax assets/ (liabilities)					481.3	

	Net balances at 1 April 2018	Recognised in the statement of profit and loss	Recognised in OCI	Balance at 31 March 2019		
				Net	Deferred tax asset	Deferred tax liabilities
Property, plant and equipment and intangible assets	(15.6)	(19.7)	-	(19.7)		(35.4)
Provision for standard assets	2.8	(0.4)		(0.4)	2.4	
Tax adjustment on indexation of freehold land	69.8	11.3	-	11.3	81.1	-
MAT Credit Entitlement	59.3	39.3	-	39.3	98.7	
Carry forward losses	-	28.1		28.1	28.1	
Employee benefits	19.0	2.7	(0.6)	2.1	21.1	-
Trade and other receivables	103.2	(11.0)	-	(11.0)	92.1	-
Tax claim/deduction carried forward	-	-	-	-	-	-
MTM valuation of inventory	(25.6)	(40.3)		(40.3)		(65.9)
Other items	(18.0)	5.0	-	5.0		(13.0)
Tax assets (liabilities) before set-off	194.9	14.9	(0.6)	14.3	323.5	(114.3)
Set-off of deferred tax liabilities					(114.3)	
Net deferred tax assets/ (liabilities)					209.2	

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

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41 Income taxes (Continued)

e) Unrecognised deferred tax assets

Deferred tax have not been recognised in respect of the following items, in absence of convincing evidence that future taxable profits will be available against which the Group can use the benefits therefrom.

	31 March 2020	31 March 2019
Tax claim/deduction carried forward	74.3	111.8

- (f) The Group has elected not to exercise the option permitted under section 115BAA of the Income Tax Act - 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Accordingly, the Group has continued to measure tax expenses for the year ended March 31, 2020 based on the old rates. One subsidiary company of the Group has elected to exercise to option permitted under section 115BAA of the Income Tax Act - 1961.

42 Contingent liabilities and commitments

a) Contingent liabilities

	31 March 2020	31 March 2019
(a) Claims against the Group not acknowledged as debts		
(i) Claim made by a party in respect of disposal activity undertaken by the Group	23.8	23.8
(ii) Claims made by certain parties in respect of warehousing services provided	413.3	373.9
(iii) Claim made by authority in respect of concession agreement	97.2	-
(b) Bank guarantees	1.1	5.1
(c) Other money for which the Group is contingently liable:		
(i) Disputed Orissa VAT liability	-	11.5
(ii) Disputed Orissa Entry tax	-	0.7
(iii) Disputed Income tax liability	0.6	-
	<u>536.0</u>	<u>414.9</u>

The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its standalone financial statements. The Group's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Group's results of operations or financial condition.

b) Commitments

	31 March 2020	31 March 2019
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	1,082	2,012
	<u>1,082</u>	<u>2,012</u>

- c) The Group was engaged as an agency of FCI for procurement of paddy and wheat during Kharif Marketing Season 2007-08 and Rabi Marketing Season 2008-09 in the states of Odisha, MP and Bihar. Procurement dues have been paid as per the provisional costing sheet issued by Government of India, except the last part of invoices in respect of which the outstanding amount as on 31 March 2020 was 128.9. The details of outstanding amount are as under:

- 105.1 towards the item in the costing sheet relating to commission to societies which has been recommended by FCI and has been approved by Government of India. However, FCI is yet to make the payment and the Company has made a provision for the full amount.
- 20.8 towards withheld storage rent, that has been temporarily set off against procurement dues of Madhya Pradesh and which has been approved for payment by FCI Headquarters, but payments are not yet released.
- In the meantime, the Company has made a claim of compensation of 192.9 to FCI against delayed payment towards settlement of bills. The time frame for actual recovery against this claim is uncertain and hence revenue has not been recognised.

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44 Financial instruments

The carrying value and fair value of financial instruments by categories as of March 31, 2020 and March 31, 2019 were as follows:

	31 March 2020		
	Amortised Cost	Total carrying value	Total fair value
Financial assets:			
Trade receivables (Refer note 12)	947.5	947.5	947.5
Cash and cash equivalents (Refer note 13)	116.4	116.4	116.4
Bank balances other than cash and cash equivalents (Refer note 14)	2,910.1	2,910.1	2,910.1
Loans (Refer note 7 and 15)	1,699.6	1,699.6	1,699.6
Other financial assets (Refer note 8 & 16)	1,039.9	1,039.9	1,039.9
	6,713.5	6,713.5	6,713.5
Financial liabilities:			
Borrowings (Refer note 19 ,23, 25)	8,050.0	8,050.0	8,050.0
Lease Liabilities (Refer note 20)	37.2	37.2	37.2
Trade payables (Refer note 24)	268.3	268.3	268.3
Other financial liabilities (Refer note 25)	335.9	335.9	335.9
	8,691.4	8,691.4	8,691.4

	31 March 2019		
	Amortised Cost	Total carrying value	Total fair value
Financial assets:			
Trade receivables (Refer note 12)	1,288.0	1,288.0	1,288.0
Cash and cash equivalents (Refer note 13)	169.5	169.5	169.5
Bank balances other than cash and cash equivalents (Refer note 14)	1,077.5	1,077.5	1,077.5
Loans (Refer note 7 and 15)	2,983.0	2,983.0	2,983.0
Other financial assets (Refer note 8 and 16)	571.1	571.1	571.1
	6,089.1	6,089.1	6,089.1
Financial liabilities:			
Borrowings (Refer note 19 ,23, 25)	8,929.1	8,929.1	8,929.1
Trade payables (Refer note 24)	265.6	265.6	265.6
Other financial liabilities (Refer note 25)	284.5	284.5	284.5
	9,479.2	9,479.2	9,479.2

45 Fair values and measurement principles

a) Assets and liabilities carried at fair values :

The following table shows the fair values of assets, liabilities and equity, including their levels in the fair value hierarchy. It does not include fair value information for assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The Group's use of quoted market prices (Level 1), valuation models using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities and contracts by type of issuer was as follows:

	31 March 2020			31 March 2019		
	Quoted price (Level 1)	Other observable input (Level 2)	Significant unobservable input (Level 3)	Quoted price (Level 1)	Other observable input (Level 2)	Significant unobservable input (Level 3)
Non-financial assets						
Inventories	52.1	-	-	497.9	-	-

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

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(Currency : Indian Rupees in Million)

45 Fair values and measurement principles (Continued)

b) Measurement of fair

Valuation techniques and significant unobservable inputs :

Particular	Valuation technique	Inputs	Inter-relationship between key unobservable inputs and fair value
Inventory	The fair values are based on the market price of commodities of similar weight and market values.	Quoted market prices	Not applicable.

c) Transfers between Levels 1 and 2

There were no transfers in either direction for year ended 31 March 2020 and 31 March 2019.

46 Financial risk management objectives and policies

Risk management framework

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

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group has exposed to market risk, credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Interest rate risk

Exposure to interest rate risk:

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	31 March 2020	31 March 2019
Fixed rate instruments		
Financial assets	3,023.5	721.3
Financial liabilities	(168.0)	(616.0)
	<u>2,855.5</u>	<u>105.3</u>
Variable rate instruments :		
Financial liabilities	<u>(7,843.6)</u>	<u>(8,295.3)</u>

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

46 Financial risk management objectives and policies (Continued)

a) Market risk (Continued)

i) Interest rate risk (Continued)

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below.

	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 March 2020				
Secured bank loan - Long term	(4.7)	4.7	(3.1)	3.1
Cash credit facility	(4.8)	4.8	(3.1)	3.1
Variable-rate instruments	(9.5)	9.4	(6.2)	6.2
31 March 2019				
Secured bank loan - Long term	(9.7)	9.7	(6.3)	6.3
Cash credit facility	(11.8)	11.8	(7.7)	7.7
Variable-rate instruments	(21.5)	21.5	(14.0)	14.0

ii) Market Risk- Foreign currency risk

The Group operates internationally and portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its purchases of commodities from overseas suppliers in various foreign currencies.

Derivative instruments and unhedged foreign currency exposure

a) Contracts outstanding as on 31 March 2020

Particulars	Currency	As at 31 March 2020		As at 31 March 2019	
		In FX	INR	In FX	INR
Forward contracts to buy USD	USD	-	-	14.6	1,008.5

Derivative financial instruments such as foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

b) Particulars of unhedged foreign currency exposures as at 31 March 2020

Particulars	Currency	As at 31 March 2020		As at 31 March 2019	
		In FX	INR	In FX	INR
Import of commodities on behalf of domestic clients	USD	-	-	1.7	118.4
Import of Capital Goods	USD	0.1	5.0	-	-
Interest accrued but not due on Buyer's Credit	USD	-	-	0.0	1.4

FEDAI rate as on 31 March 2020 : 75.39 has been considered for conversion from foreign currency to reporting currency.

iii) Commodities traded by the Group are subject to fluctuations due to a number of factors that result in price risk. The Group's trading market risk appetite is determined by the Managing Director and CEO in consultation with the Board of directors.

b) Credit risk

Credit risk is limited to the risk arising from the inability of a customer to make payment when due. It is the Group's policy to provide credit terms only to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

The carrying amounts of trade and other receivables, advances to suppliers, cash and short-term deposits payments, interest receivable on deposits and customer receivables represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. Deposits and cash balances are placed with reputable banks.

The details of concentration of revenue are included in the Note 39.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

46 Financial risk management objectives and policies (Continued)

b) Credit risk (Continued)

i) Credit risk

Exposure to credit risk

In line with the prevalent trade practices in India, the Group realises its trade receivables over a period of 60-180 days from the date of invoice. At the balance sheet date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets. The Group's maximum exposure to credit risk for trade receivables at the balance sheet date is as follows:

	31 March 2020	31 March 2019
By Operating		
Supply Chain	231.0	208.8
Warehousing services	543.0	757.4
Other reportable	504.3	580.5
	<u>1,278.3</u>	<u>1,546.7</u>

Impairment

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements are reviewed by segment heads annually.

The ageing of trade receivables that were not impaired was as follows:

	31 March 2020	31 March 2019
Neither past due nor		
Past due 1 - 6 months	528.0	470.0
Past due 6 - 12 months	68.7	172.1
Past due 12 months*	349.8	645.9
	<u>947.5</u>	<u>1,288.0</u>

* Debtors outstanding for more than 12 months are mainly receivable from banks and secured by stock.

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

To ensure continuity of funding, the Group primarily uses short-term bank facilities in nature of cash credit facility, bank overdraft facility and short term borrowings, to fund its ongoing working capital requirement and growth needs.

Further, the Group has obtained long-term secured borrowings from banks to fund its warehouse construction from banks and financial institutions as referred in note 19.

Exposure to liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations;

	Contractual cash flows			Total
	One year or less	1 - 5 years	More than 5 years	
	31 March 2020			
Non-derivative financial liabilities				
Borrowings (Refer note 19,23)	3,496.8	4,514.8	-	8,011.6
Lease Liabilities (refer note 20)	14.5	37.2	-	51.7
Trade payables (Refer note 24)	268.3	-	-	268.3
Other financial liabilities (Refer note 25)	335.9	-	-	335.9
	<u>4,115.5</u>	<u>4,552.0</u>	<u>-</u>	<u>8,667.5</u>

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

46 Financial risk management (Continued)

c) Liquidity risk (Continued)

Exposure to liquidity risk (Continued)

	Contractual cash flows			Total
	One year or less	1 - 5 years	More than 5 years	
31 March 2019				
Non-derivative financial liabilities				
Borrowings (Refer note 19,23)	7,863.4	1,336.1	1.4	9,200.9
Trade payables (Refer note 24)	265.6	-	-	265.6
Other financial liabilities (Refer note 25)	284.5	-	-	284.5
	8,413.5	1,336.1	1.4	9,751.0

47 Employee share-based payment plans

a) Description of share-based payment arrangements:

As at 31 March 2020, the Group has the following share-based payment arrangements for employees.

('NCML 2014 Employee Stock Option Scheme')

NCML 2014 ESOP plan provides for the grant of stock options to eligible employees. The Board of Directors recommended NCML 2014 ESOP plan to Shareholders on 1 September 2014 and the Shareholders approved the recommendations of the Board on 30 September 2014. The plan entitles key management personnel and senior employees to purchase shares in the Group at the stipulated exercise price, subject to compliance with vesting conditions.

The terms and conditions related to the grant of the share options are as follows:

Employees entitled	Number of options	Vesting conditions	Contractual life of options
MD and CEO	100,000	- Continued employment with the group - Performance parameters and appraisal set by Board	4 years
Deputy CEO	150,000	- Continued employment with the group - Performance parameters and appraisal set by Board	4 years
Senior employees	460,000	- Continued employment with the group - Performance parameters and appraisal set by Board	4 years

('NCML 2016 Employee Stock Option Scheme')

NCML 2016 ESOP plan provides for the grant of stock options to eligible employees. The Board of Directors recommended NCML 2016 ESOP plan to Shareholders on 5 August 2016 and the Shareholders approved the recommendations of the Board on 5 August 2016. The plan entitles key management personnel and senior employees to purchase shares in the group at the stipulated exercise price, subject to compliance with vesting conditions.

The terms and conditions related to the grant of the share options are as follows:

Employees entitled	Number of options	Vesting conditions	Contractual life of options
MD and CEO	735,000	- Continued employment with the group - Attainment of certain financial parameters as set out by the Board	5 years
Deputy CEO	605,000	- Continued employment with the group - Attainment of certain financial parameters as set out by the Board	5 years
Senior employees	4,150,000	- Continued employment with the group - Attainment of certain financial parameters as set out by the Board	5 years

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

47 Employee share-based payment plans (Continued)

b) Measurement of fair value :

The fair value of the employee share options granted during the year was determined using the Black-Scholes-Merton formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plan were as follows:

Particular	NCML 2016 Employee Stock Option Scheme		NCML 2014 Employee Stock Option Scheme	
	Option - 4	Option - 3	Option -2	Option -1
Fair value of the option at grant date	INR 27.31	INR 29.18	INR 67.12	INR 52.13
Share price at grant date	INR 82.01	INR 86.71	INR 85.74	INR 75.81
Exercise price	INR 78.00	INR 76.98	INR 33.45	INR 23.68
Expected volatility (weighted average)	0.79	0.76	1.00	1.00
Expected life (weighted average)	5 years	5 years	2.67 years	4 years
Expected dividend	Nil	Nil	Nil	Nil
Risk-free interest rate (based on government)	6.66% p.a.	6.82% p.a.	7.79% p.a.	7.79% p.a.

c) Reconciliation of outstanding stock options :

The number and weighted-average exercise prices of share options under the stock option were as follows.

Particular	Weighted average exercise price	01-Apr-19	Movement from 1 April 2019 to 31 March 2020			Exercised	Cash settled	Outstanding as on 31 March 2020
		No. of options (Nos)	Granted	Forfeited	Expired			
2014 ESOP	23.68	560,000	42,000	12,000.00	-	-	182,000	324,000
2014 ESOP	33.45	150,000	-	-	-	-	-	150,000
2016 ESOP	76.98	4,990,000	-	915,000	-	-	-	4,075,000
2016 ESOP	99.28	500,000	-	-	-	-	-	500,000
Total		6,200,000	42,000	927,000	-	-	182,000	5,049,000

The options outstanding at 31 March 2019 have an exercise price and a weighted average contractual life as given below:

	31 March 2020			31 March 2019		
	No. of options	Exercise price	Weighted average remaining life	No. of options	Exercise price	Weighted average remaining life
NCML 2014 ESOP	324000	23.68	-	560,000	23.68	-
NCML 2014 ESOP	150,000	33.45	-	150,000	33.45	0.17 years
NCML 2016 ESOP	3,570,000	76.98	1.35 years	4,470,000	76.98	2.35 years
NCML 2016 ESOP	505,000	78	2.30 years	520,000	76.98	3.30 years
NCML 2016 ESOP	500,000	99.28	3.75 years	500,000	99.28	4.75 years

d) Expense recognised in the consolidated statement of profit and loss:

	For the year ended 31 March 2020	For the year ended 31 March 2019
NCML 2014 ESOP	(12.2)	2.4
NCML 2016 ESOP	(41.4)	22.1
Total expense recognised in 'employee benefits expenses'	(53.6)	24.5

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

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(Currency : Indian Rupees in Million)

48 Government grants

	31 March 2020	31 March 2019
At 1 April 2019/ 2018	115.5	119.6
Received during the year	48.3	2.0
Released to the statement of profit and loss	(5.8)	(6.1)
At 31 March 2020 / 31 March 2019	158.0	115.5
Current	2.7	2.6
Non-current	155.3	112.9
	158.0	115.5

Government grants have been received for the construction of warehouse and purchase of laboratory equipment. The Group has received subsidy in advance for construction of warehouse subject to the fulfilment of below mentioned conditions.

Subsidy received from	Amount	Conditions or contingencies attached to these grants
National Bank for Agriculture and Rural Development	48.3	i) Project shall be completed in 18 months from the disbursement of loan ii) Non-fulfilment of condition (i) will attract penalty of 1% for each defaulted month. iii) Successful completion of the joint inspection by the financial institutions.

49 Disclosure pursuant to 'Employee benefits'

Contribution to provident fund and ESIC

Amount of 25.4 (31 March 2019: 28.2) is recognised as expenses in the consolidated statement of profit and loss and included in 'Employee benefits expense'.

Defined benefit plan and long-term employment benefit

General description

Gratuity (Defined benefit plan)

The Group has defined benefit gratuity plan administered through Group gratuity scheme with Life Insurance Corporation of India. The expected return on plan assets is based on market expectation at the beginning of the year, for the returns over the entire life of the related obligation. Amount of 8.3 (31 March 2019: 16.9) has been recognised in the consolidated statement of profit and loss on account of provision for gratuity benefit.

Disclosure pursuant to IND AS 19 'Employee benefits'

	Gratuity	
	31-Mar-20	31-Mar-19
A Change in present value of the obligation		
1. Obligation at the beginning of the year	50.9	44.4
2. Current service cost	11.1	11.6
3. Interest cost	3.2	3.2
4. Benefits paid	(17.1)	(4.0)
5. Adjustment for earlier years	-	-
6. Actuarial (gain)/loss on obligation	4.3	(3.5)
7. Obligation at the end of the year	52.4	51.7
B Change in fair value of plan assets		
1. Fair value of plan assets at the beginning of the year	34.2	22.8
2. Adjustment to Opening Fair Value of Plan Assets	1.8	5.7
3. Expected return on plan assets	2.2	2.7
1. Contributions made	4.0	9.2
2. Benefits paid	(17.1)	(4.0)
6. Actuarial (loss) on plan assets	(0.4)	(2.3)
7. Fair value of plan assets at the end of the year	24.6	34.2
C Expense recognised in the statement of profit and loss for the year		
1. Current service cost	11.1	18.4
2. Interest cost	3.2	0.8
3. Expected return on plan assets	(0.5)	(2.3)
5. Total expense	13.9	16.9
	-	-

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

49 Disclosure pursuant to 'Employee benefits' (Continued)

		Gratuity	
		31-Mar-20	31-Mar-19
D	Expense recognised in the statement of other comprehensive income		
	Actuarial loss	3.9	(3.4)
	Return on plan assets excluding interest income	5.4	5.4
		(5.2)	2.0
E	Net (liability) recognised in the balance sheet		
	1. Present value of the obligation	52.4	50.2
	2. Fair value of plan assets	24.6	33.4
	3. Funded status (deficit)	27.8	(16.8)
	4. Net (liability) recognised in the balance sheet.	(27.8)	16.8
F	Actual return on plan assets		
	1. Expected return on plan assets	2.2	2.7
	2. Actuarial (loss) on plan assets	(0.5)	(2.6)
	3. Actual return on plan assets	1.8	0.1
G	Actuarial assumptions		
	1. Rate of increase in compensation	5.00%	5.00%
	2. Mortality rate	IALM (2006-08)	IALM (2006-08)
		Ult.	Ult.
	3. Expected return on plan assets	6.80%	7.64%
	4. Discount rate	6.80%	7.64%

Sensitivity Analysis	DR Discount Rate		ER: Salary Escalation Rate	
	PVO DR +1%	PVO DR -1%	PVO ER +1%	PVO ER -1%
Present Value of Obligations	45.5	57.1	57.1	45.4

Expected Payout

Year	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6 to 10
PVO Payouts	3.0	1.2	1.4	1.2	5.4	15.2

Future changes in maximum state healthcare benefits	31-Mar-20	31-Mar-19
Weighted average duration of the defined benefit obligation	17.45	17.87
Retirement Age	58 years	58 years
Employee Attrition Rate		
	Upto Age 35	3%
	36 to 45	2%
	46 and above	1%

The estimate of future salary increase, considered in the actuarial valuation, takes account of inflation, security, promotion and other relevant factors such as supply and demand in the employment market.

Gratuity is payable to all the eligible employees of the group on leaving / retirement from services, death and permanent disablement, in terms of provision of the Payment of Gratuity Act, 1972. Broad category of plan assets relating to gratuity as a percentage of total plan assets. The group's gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.

Leave encashment

The Group provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date. Amount of 16.9 (31 March 2019: 8.3) has been recognised in the statement of profit and loss on account of provision for employment benefit.

Short-term compensated absences

Provision for short-term compensated absences is made for privilege leave and sick leave outstanding at the year end which can be availed within 12 months from the end of the year. Amount of 2.3 (31 March 2019: 2.1) has been recognised in the statement of profit and loss on account of provision for compensated absence for leave balances.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

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(Currency : Indian Rupees in Million)

50 Capital management

The Group manages the capital structure by a balanced mix of debt and equity. Necessary adjustments are made in the capital structure considering the factors vis-a-vis the changes in the general economic conditions, available options of financing and the impact of the same on the liquidity position. Higher leverage is used for funding more liquid working capital needs and conservative leverage is used for long-term capital investments. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2020. The Group calculates the level of debt capital required to finance the working capital requirements using traditional and modified financial metrics including leverage/gearing ratios and asset turnover ratios.

As of balance sheet date, leverage ratios is as follows:

	31 March 2020	31 March 2019
Total financial liabilities (Refer note 19,24,25, 26)	8,654.2	9,479.2
Less: cash and bank balances (Refer note 13, 14 and 8)	3,364.3	1,278.4
Adjusted net debt	5,289.9	8,200.7
Total equity (Refer note 18.1 and 18.2)	7,158.3	7,497.6
Less: Other components of equity (ESOP outstanding)	31.8	95.1
Adjusted equity	7,126.5	7,403.5
Adjusted net debt to adjusted equity ratio (times)	0.74	1.11

51 Payment to auditors (exclusive of GST)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Statutory audit fees	5.9	4.8
Tax audit fees	0.4	0.3
Other matters	1.0	0.6
Out of pocket expenses	0.0	0.2
Total	7.3	5.9

52 Provision for Litigations

Provision for contingencies is primarily on account of various provisions towards the outstanding claims / litigations against the Group, which are expected to be utilised on closure of the litigations. The Group has paid certain amounts under dispute against these claims / litigations.

The following table set forth the movement in the provision for litigations :

Description	As at 1 April 2019	Additions during the year	Utilisation during the year	As at 31 March 2020
Provision for litigation	411.5	(17.3)	136.0	394.2

Description	As at 1 April 2018	Additions during the year	Utilisation during the year	As at 31 March 2019
Provision for litigation	189.4	222.1	-	411.5

53 Corporate social responsibility expenses

During the year, the Company has spent 2.1 (31 March 2019: 14.6) towards corporate social responsibility.

(a) Gross amount required to be spent by the Group during the year ended 31 March 2020 7.6 (31 March 2019: 8.4)

(b) Amount spent during the year :

	In Cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	2.1	-	2.1

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

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(Currency : Indian Rupees in Million)

54 Disclosure pursuant to Section 186 of the Act

The details of investment under Section 186 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 are as follows:

- (a) Details of investment and guarantees made by the Group as on 31 March 2020 (including investments made in the previous years)

Relations of the entity	Wholly owned subsidiary
As at 31 March 2019	1,903
Investment made during the year:	
NCML Mktyard Private Limited	30
As at 31 March 2020	1,933
Guarantees Given	
NCML Finance Private Limited	-

55 Dues to micro, small and medium enterprises:

Under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprise. On the basis of the information and records available with the Management, the creditors of the Company are not registered under the Micro Small and Medium Enterprises Development Act, 2006.

Particulars	31 March 2020	31 March 2019
Principal amount remaining unpaid to any supplier as at the year end	-	-
Interest due thereon	-	-
Amount of interest paid by the Group in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

56 Disclosure under Ind AS -115

- (a) The Group through its pan-India presence, in owned, leased as well as field warehouses, provides commodity handling and risk management services to clients across the country. The Group is geared to handle operations encompassing the sale, purchase, trading, storage and movement of commodities and inventories. The effect of initially applying Ind AS 115 on the Group's revenue from contracts with customers is described in Note 3. The Group has recognised the cumulative effect of applying Ind AS 115 at April 1, 2018. Due to the transition method chosen in applying Ind AS 115, comparative information has not been restated to reflect the new requirements. There is no impact on the Group's revenue on applying Ind AS -115 from the contracts with customers.

- (b) **Disaggregation of revenue from contracts with customers**

The Group believes that the information provided under Note 28, Revenue from Operations, is sufficient to meet the disclosure objectives with respect to disaggregation of revenue under Ind AS 115, Revenue from Contracts with Customers.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

56 Disclosure under Ind AS -115 (Continued)

(c) There are no adjustments to revenue accordingly, no disclosure is made under paragraph 126AA.

(d) Performance obligations

The Group is engaged in the business of warehousing services to manage risks across various stages of commodity, providing commodity handling and risk management services to customers across the country. The Group is also into the business of sale, purchase, trading, storage and movement of commodities and inventories.

Revenue is recognised at a point in time upon satisfaction of the performance obligations which is typically upon rendering of services based on the contractual terms with the customers and sale of goods upon transfer of control of goods.

(e) Practical expedients:

Applying the practical expedient in paragraph 63 of Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if at contract inception it is expected that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group applies practical expedient in paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations for SCM contracts that have original expected duration of one year or less.

57 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statement:

Name of the entity	31 March 2020			
	Net assets		Share in profit or (loss)	
	As % age of consolidated net assets	Amount	As % age of consolidated profit and loss including OCI	Amount
National Collateral Management Services Limited	81.08%	7,128.7	66.11%	(596.8)
NCML Finance Private	13.32%	1,171.5	-5.49%	49.6
NCML Mktyard Private	0.13%	11.1	2.76%	(24.9)
NCML Agribusiness	0.04%	3.8	-0.08%	0.8
NCML Basti Private Limited	0.86%	75.7	0.31%	(2.8)
NCML Varanasi Private	-0.11%	(9.4)	12.02%	(108.5)
NCML Faizabad Private	0.77%	68.1	0.06%	(0.6)
NCML Batala Private Limited	1.34%	117.7	0.06%	(0.6)
NCML Chhahreatta Private Limited	1.34%	117.5	0.07%	(0.6)
NCML Deoria Private Limited	0.43%	38.0	0.07%	(0.7)
NCML Palwal Private Limited	-0.89%	(78.0)	12.87%	(116.2)
NCML Bettiah Private	-0.66%	(58.5)	10.72%	(96.8)
NCML Bhattu Private Limited	0.66%	58.1	0.07%	(0.7)
NCML Jalalabad Private	0.43%	38.2	0.06%	(0.6)
NCML Sonapat Private	1.22%	107.6	0.08%	(0.7)
NCML KB Private Limited	-0.01%	(0.8)	0.15%	(1.3)
NCML Motihari Private	0.01%	0.5	0.06%	(0.5)
NCML Madhepura Private Limited	0.01%	0.5	0.05%	(0.5)
NCML Saran Private Limited	0.01%	0.5	0.05%	(0.5)
Total	100%	8,791.8	100%	(902.7)
<i>Adjustment arising out of consolidation</i>		(1,633.5)		317.4
		7,158.3		(584.3)

National Collateral Management Services Limited

Notes to the Consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

57 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statement: (Continued)

Name of the entity	31 March 2019				
	Net assets		Share in profit or (loss)		
	As % age of consolidated net assets	Amount	As % age of consolidated profit and loss including OCI	Amount	Amount
National Collateral Management Services Limited	79.48%	7,480.2	86.69%		147.7
NCML Finance Private	11.92%	1,121.5	26.43%		45.0
NCML Mkyard Private	0.06%	5.9	-11.15%		(19.0)
NCML Basti Private Limited	0.83%	78.5	-0.21%		(0.4)
NCML Varanasi Private	1.05%	99.1	-0.15%		(0.3)
NCML Faizabad Private	0.73%	68.6	-0.17%		(0.3)
NCML Batala Private Limited	1.26%	118.3	-0.16%		(0.3)
NCML Chhehreatta Private Limited	1.25%	118.1	-0.15%		(0.3)
NCML Deoria Private Limited	0.41%	38.7	-0.18%		(0.3)
NCML Palwal Private Limited	0.41%	38.2	-0.15%		(0.2)
NCML Bettiah Private	0.41%	38.3	-0.17%		(0.3)
NCML Bhattu Private Limited	0.62%	58.8	-0.16%		(0.3)
NCML Jalalabad Private	0.41%	38.6	-0.17%		(0.3)
NCML Sonepat Private	1.15%	107.5	-0.17%		(0.3)
NCML KB Private Limited	0.01%	0.5	-0.14%		(0.2)
Total	100%	9,411.6	100%		170.3
<i>Adjustment arising out of consolidation</i>		(1,914.0)			(14.1)
		<u>7,497.6</u>			<u>156.2</u>

58 Estimation of uncertainties relating to the global health pandemic from COVID-19

(a) From the Financial Statement of NCML Finance Private Limited

The "Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2)", generally known as COVID-19, which was declared as a pandemic by the WHO on March 11, 2020, continues to spread across India and there is an unprecedented level of disruption on socioeconomic front across the country. Globally, countries and businesses are under lockdown. Considering the severe health hazard associated with COVID-19 pandemic, the Government of India declared a lock down effective from March 25, 2020 which was initially till April 14, 2020 and then further extended. There is a high level of uncertainty about the duration of the lockdown and the time required for things to get normal. The extent to which COVID-19 pandemic will impact the Company's operations and financial statements is dependent on the future developments, which are highly uncertain. The impact of the global health pandemic may be different from that estimated at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Further, in accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, one of the subsidiary company has granted moratorium of three months on payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 ('moratorium period') to eligible borrowers in accordance with the Board approved policy. Further, as per RBI guidelines dated May 23, 2020, the subsidiary company has further extended the moratorium by another three months. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period. The subsidiary company continues to recognize interest income during the moratorium period.

- (b) By mid of March 2020, novel corona virus (Covid-19) had spread across the world and since then the pandemic has severely affected public health and disrupted economic activities. In response to this pandemic, Governments across the world had to impose various restrictions including lockdowns and mandatory work from home requirements. This has affected the operations of the group and has had impact on the sales and profitability amongst others. The group is continuously monitoring the situation and taking necessary actions in response to the developments to minimise the impact and also to safeguard the assets and employees. The group has since obtained required permissions and started its operations partially in respect of essential commodities as and when the same was allowed gradually across the country. The group has considered relevant internal and external sources of information to evaluate the impact on the financial statements for the year ended 31 March, 2020. The group has assessed the recoverability of the assets including receivables, investments, property plant and equipment, intangible assets and have made necessary adjustments to the carrying amounts by recognising provisions / impairment of assets where necessary. However, the actual impact may be different from that estimated as it will depend upon future developments and future actions to contain or treat the disease and mitigate its impact on the economy.

National Collateral Management Services Limited

Notes to the Consolidated financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian Rupees in Million)

- 59** During the year, the management of the Group has decided not to pursue Silo Projects in three of its subsidiaries for Food Corporation of India (FCI) due to issues such as land acquisition and delay in obtaining requisite approvals, permits, etc. Accordingly, the loss on surrender of such concession agreements with FCI aggregating Rs 323.9 has been charged to the Consolidated Statement of Profit and Loss.

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of
National Collateral Management Services Limited**

CIN : U74140MH2004PLC148859

Burjis Pardiwala

Partner

Membership No: 103595

Siraj A. Chaudhry

Managing Director & CEO

DIN: 00161853

Unupom Kausik

Director & President

DIN: 01978970

Mumbai

25 August 2020

Anuj Kumar Vasdev

Chief Financial Officer

Membership No: 094898

Priya Vaishnav

Company Secretary

Membership No: A40162

Mumbai

25 August 2020

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies
(Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries or associate
companies or joint ventures****Part A Subsidiaries**

(In Rs.)

S. No.	1	2	3	4
Name of the Subsidiary	NCML Basti Private Limited	NCML Batala Private Limited	NCML Bettiah Private Limited	NCML Finance Private Limited
The date since when subsidiary was acquired	19/01/2017	18/01/2017	01/02/2017	12/02/2012
Reporting period for the subsidiary concerned	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020
Reporting currency	Rupees	Rupees	Rupees	Rupees
Share capital	8,00,00,000	12,00,00,000	4,00,00,000	904,545,290
Reserves and surplus	-42,52,448	-23,03,726	-9,84,59,008	272,193,899
Total assets	29,98,71,936	45,06,18,066	2,84,53,425	2,021,126,333
Total Liabilities	29,98,71,936	45,06,18,066	2,84,53,425	2,021,126,333
Investments	Nil	Nil	Nil	NIL
Turnover	Nil	Nil	Nil	314,035,908
Profit/Loss before tax	-28,19,382	-5,63,924	-9,67,63,679	60,746,603
Provision for taxation	Nil	Nil	Nil	13,661,208
Profit/Loss after tax	--28,19,382	-5,63,924	--9,67,63,679	47,085,395
Proposed Dividend	Nil	Nil	Nil	NIL
Percentage of shareholding	100%	100%	100%	99.99%

Part A Subsidiaries (Contd.)

(In Rs.)

S.No.	5	6	7	8
Name of the Subsidiary	NCML Bhattu Private Limited	NCML Chhehreatta Private Limited	NCML Deoria Private Limited	NCML Faizabad Private Limited
The date since when subsidiary was acquired	20/01/2017	18/01/2017	20/01/2017	18/01/2017
Reporting period for the subsidiary concerned	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020
Reporting currency	Rupees	Rupees	Rupees	Rupees
Share capital	6,00,00,000	12,00,00,000	4,00,00,000	7,00,00,000
Reserves and surplus	-18,92,490	25,29,614	-20,09,638	-19,35,590
Total assets	61,99,32,529	56,69,26,457	19,37,79,325	30,05,98,015
Total Liabilities	61,99,32,529	56,69,26,457	19,37,79,325	30,05,98,015
Investments	Nil	Nil	Nil	Nil
Turnover	Nil	Nil	Nil	Nil
Profit/Loss before tax	-6,54,893	-5,94,212	-6,65,247	-5,65,232
Provision for taxation	Nil	Nil	Nil	Nil
Profit/Loss after tax	-6,54,893	-5,94,212	-6,65,247	-5,65,232
Proposed Dividend	Nil	Nil	Nil	Nil
Percentage of shareholding	100%	100%	100%	100%

Part A Subsidiaries (Contd.)

(In Rs.)

S.No.	9	10	11	12
Name of the Subsidiary	NCML Jalalabad Private Limited	NCML Palwal Private Limited	NCML KB Private Limited	NCML Sonapat Private Limited
The date since when subsidiary was acquired	20/01/2017	20/01/2017	28/09/2017	24/01/2017
Reporting period for the subsidiary concerned	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020
Reporting currency	Rupees	Rupees	Rupees	Rupees
Share capital	4,00,00,000	4,00,00,000	10,00,000	11,00,00,000
Reserves and surplus	-18,08,625	-11,79,83,411	-17,75,918	-24,18,524
Total assets	19,46,47,860	14,07,43,574	12,85,11,867	49,17,58,379
Total Liabilities	19,46,47,860	14,07,43,574	12,85,11,867	49,17,58,379
Investments	Nil	Nil	Nil	Nil
Turnover	Nil	Nil	3,56,26,859	Nil
Profit/Loss before tax	-5,54,066	-11,62,11,331	-13,22,110	-7,02,523
Provision for taxation	Nil	Nil	Nil	Nil
Profit/Loss after tax	-5,54,066	-11,62,11,331	-13,22,110	-7,02,523
Proposed Dividend	Nil	Nil	Nil	Nil
Percentage of shareholding	100%	100%	100%	100%

Part A Subsidiaries (Contd.)

(In Rs.)

S.No.	13	14	15	16
Name of the Subsidiary	<u>NCML Varanasi Private Limited</u>	<u>NCML Madhepura Private Limited</u>	<u>NCML Motihari Private Limited</u>	<u>NCML Saran Private Limited</u>
The date since when subsidiary was acquired	18/01/2017	22/01/2019	22/01/2019	29/01/2019
Reporting period for the subsidiary concerned	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020
Reporting currency	Rupees	Rupees	Rupees	Rupees
Share capital	10,10,00,000	10,00,000	10,00,000	10,00,000
Reserves and surplus	-11,04,28,152	-4,87,998	-5,07,407	-4,87,933
Total assets	9,44,70,780	5,02,89,012	1,80,02,666	1,16,13,939
Total Liabilities	9,44,70,780	5,02,89,012	1,80,02,666	1,16,13,939
Investments	Nil	Nil	Nil	Nil
Turnover	Nil	Nil	Nil	Nil
Profit/Loss before tax	-10,84,91,994	-4,87,998	-5,07,407	-4,87,933
Provision for taxation	Nil	Nil	Nil	Nil
Profit/Loss after tax	-10,84,91,994	-4,87,998	-5,07,407	-4,87,933
Proposed Dividend	Nil	Nil	Nil	Nil
Percentage of shareholding	100%	100%	100%	100%

Part A Subsidiaries (Contd.)

(In Rs.)

S.No.	17	18
Name of the Subsidiary	NCML MktYard Private Limited	NCML Agribusiness Consultants Private Limited
The date since when subsidiary was acquired	01/02/2017	11/02/2019
Reporting period for the subsidiary concerned	01/04/2019 to 31/03/2020	11/02/2019 to 31/03/2020
Reporting currency	Rupees	Rupees
Share capital	5,00,00,000	30,00,000
Reserves and surplus	(3,88,09,774)	7,61,496
Total assets	8,78,51,232	98,73,394
Total Liabilities	8,82,93,532	60,91,446
Investments	NIL	NIL
Turnover	--	81,07,632
Profit/Loss before tax	(2,47,40,908)	9,87,417
Provision for taxation	--	2,25,921
Profit/Loss after tax	(2,47,40,908)	7,61,496
Proposed Dividend	--	-
Percentage of shareholding	100%	100%

For and on behalf of the Board of Directors
National Collateral Management Services Limited

Place: Gurgaon
Date: 25.08.2020

Siraj A. Chaudhry
Managing Director &
Chief Executive Officer
DIN: 00161853

Unupom Kausik
Director
DIN: 01978970