

Questions	Answers
<ul style="list-style-type: none"> Can we show one company equity instrument through FVTOCI and other company through FVTPL 	<p>Yes, you can show one equity investment under para 5.7.5 i.e. at FVTOCI and other equity investments under FVTPL</p>
<ul style="list-style-type: none"> Can purchase of the same investment in equity shares of "A" Limited be differently classified at two different tranches? 	<p>Yes, both can be differently classified as both are to be treated as separate investments.</p>
<ul style="list-style-type: none"> Can you quote example of factoring transaction 	<p>Bill discounting facility offered by bankers is a classic example of factoring. You are requested to look into derecognition guidelines (Check Chapter 3 of Ind AS 109) to understand more on accounting in case of factoring.</p>
<ul style="list-style-type: none"> Can investments in close-ended debt funds be classified at Amortised Cost? 	<p>You need to check applicability of two tests. If business objective is to hold the investment upto maturity and if cash flows are only in the nature of principle and interest then investment can very well be classified under amortised cost</p>
<ul style="list-style-type: none"> In case of investment in subsidiaries, is movement in the investment allowed because of post acquisition adjustments after 1/2 years of initial investment ? 	<p>If choose para 10 of Ind AS 27 to account for investment in subsidiaries at Cost, you would need to check its impairment under Ind AS 36. In such case, upward movement in fair value is to be ignored.</p>
<ul style="list-style-type: none"> How can we compute hedge effectiveness in case of Int. Rate Swaps? 	<p>By comparing change in fair value of hedged item (i.e. interest say variable interest payable in USD) with change in fair value of hedging instrument (i.e. interest say fixed interest receivable in INR)</p>
<ul style="list-style-type: none"> The current and cumulative change disclosure needs to be done by both borrower and investor? 	<p>Yes, to borrower, disclosure related to financial liability is applicable i.e. current and cumulative change. For investor, disclosure related to financial asset is applicable i.e. current and cumulative change.</p>
<ul style="list-style-type: none"> If a Company has bill discounted trade receivable which are with recourse...what would be disclosure 	<p>First of all, with recourse factoring would keep selling entities continuing involvement into debtors sold. Hence, disclosures related to receivables would continue to apply even when you use with recourse factoring.</p>

Live Case Studies - Various Disclosures

Panelist – CA. Parag V. Kulkarni
Email Id – parag.kulkarni@icai.org
Phone Number – 93702 23957

Disclosure 1 – Carrying Amounts of Various Financial Assets & Financial Liabilities

Type 1 of Presentation

– Reference – IRB Annual Report FY 2019-20

Note 43 : Fair Values

The carrying values of financial instruments of the Group are reasonable and approximations of fair values.

	(₹ In millions)			
	Carrying amount		Fair Value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial assets				
Financial assets measured at amortised cost				
Loans	235.56	635.37	235.56	635.37
Other Financial assets	41,131.74	2,782.50	41,131.74	2,782.50
Financial assets measured at fair value through statement of Profit & Loss				
Investments (Quoted)	128.27	323.89	128.27	323.89
Financial assets measured at fair value through other comprehensive income				
Investments (Quoted)	2,374.18	8,886.14	2,374.18	6,123.17
Investments (Unquoted)	6.25	6.35	6.25	6.35
Financial assets measured at amortised cost				
Investments (Unquoted)	0.17	0.17	0.17	0.17
Trade receivable	4,407.58	1,135.23	4,407.58	1,135.23
Cash and cash equivalents	4,428.71	2,777.31	4,428.71	2,777.31
Other Bank balances	18,278.34	12,825.71	18,278.34	12,825.71
Financial liabilities				
Financial liabilities measured at amortised cost				
Trade payables	7,440.28	7,060.93	7,440.28	7,060.93
Borrowings (net of unamortised transaction cost)	91,810.93	165,931.30	91,810.93	165,931.30
Lease Liabilities	126.39	-	126.39	-
Other financial liabilities	222,155.75	161,215.91	222,155.75	161,215.91

The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables, borrowings, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

Type 2 of Presentation

- Reference – Sadbhav Engineering Annual Report FY 2019-20

As at March 31, 2020						(₹ in Lakhs)
Financial instruments by categories	Note No.	FVTPL	FVTOCI	Amortized cost	Total Carrying Value	Fair Value
Financial asset						
Investments in Equity Instruments of Other Companies	5	-	55.54	-	55.54	55.54
Investments in Bonds and Debentures	5	-	-	527.57	527.57	527.57
Investments in Subdebt	5	-	-	-	-	-
Investments in NSC	5	-	-	14.78	14.78	14.78
Trade Receivables	7 & 13	-	-	1,93,308.70	1,93,308.70	1,93,308.70
Long term Loans and Advances	8	-	-	47,044.38	47,044.38	47,044.38
Other Long term Financial Assets	9	-	-	266.44	266.44	266.44
Cash and Cash Equivalents	14	-	-	2,130.53	2,130.53	2,130.53
Bank Balances other than Cash and Cash equivalents	15	-	-	10,183.78	10,183.78	10,183.78
Loan given - Current	16	-	-	703.21	703.21	703.21
Other current financial assets	17	-	-	42,509.26	42,509.26	42,509.26
Total Financial Asset		-	55.54	2,96,688.65	2,96,744.19	2,96,744.19
Financial liability						
Long Term Borrowings	22	-	-	38,883.16	38,883.16	38,883.16
Other Long term Financial Liabilities	23	-	-	1,597.21	1,597.21	1,597.21
Short Term Borrowings	25	-	-	68,022.57	68,022.57	68,022.57
Trade Payables	26	-	-	55,292.34	55,292.34	55,292.34
Other Current Financial Liabilities	27	-	-	41,960.75	41,960.75	41,960.75
Total Financial Liabilities		-	-	2,05,756.03	2,05,756.03	2,05,756.03

Disclosure 2 – Interplay between Ind AS 1 Presentation & Ind AS 107 – we need current & non-current portion of carrying amounts of financial assets

Note 5 : Investments

(₹ in millions)

	March 31, 2020				March 31, 2019			
	Face value	No of Shares/ Units	Current	Non-current	Face value	No of Shares/ Units	Current	Non-current
a) Investment in equity instruments								
Quoted (Fair Value Through Profit and Loss (FVTPL))								
Union Bank of India	10	9,177	-	0.26	10	9,177	-	0.88
			-	0.26			-	0.88
Unquoted (Fair Value Through Other Comprehensive Income (FVTOCI))								
Indian Highways Management Company Limited	10	555,370	-	5.55	10	555,370	-	5.55
The Kalyan Janta Sahakari Bank Limited	10	80,000	-	0.60	10	80,000	-	0.60
The Dombivli Nagri Sahakari Bank Limited	50	2,000	-	0.10	50	4,000	-	0.20
Sangali Urban Co-operative Bank Limited	15	2	-	-	15	2	-	-
Purti Power and Sugar Limited	10	1,850,000	-	18.50	10	1,850,000	-	18.50
Less:- Provision for Diminution in value of Investments	-	-	-	(18.50)	-	-	-	(18.50)
			-	6.25			-	6.35
b) Investments in Joint Ventures								
Unquoted (Measured as per equity accounting method)								
MMK Toll Road Private Limited (refer note 52)	10	3,570,000	-	52.10	-	-	-	-
IRB Infrastructure Trust (refer note 52)	100	390,571,000	-	38,897.58	-	-	-	-
			-	38,949.68			-	-
c) Investments in Government or trust securities								
Unquoted (Amortised cost)								
National saving certificates	-	-	-	0.17	-	-	-	0.17
			-	0.17			-	0.17
d) Investments in Mutual Funds								
Quoted (Fair Value Through Profit or Loss (FVTPL))								
Canara Robeco Short Duration Fund Direct Growth	10	2,979,560	59.58	-	10	2,979,560	54.73	-
Canara Robeco Capital Protection Oriented Fund- Series 6 Regular Growth	10	-	-	-	10	999,990	12.36	-
Canara Robeco Capital Protection Oriented Fund - Series 7 Regular Growth	10	-	-	-	10	1,000,000	11.57	-
Canara Robeco Dual Advantage Fund Series 1 Direct Growth	10	2,000,000	21.66	-	10	2,000,000	21.54	-
IDBI Liquid Fund - Direct Plan Growth	1,000	-	-	-	1,000	53,480	107.12	-
IDBI Ultra Short term Fund - Direct Plan Growth	1,000	-	-	-	1,000	10,878	22.01	-
Aditya Birla Sun Life Liquid Fund - Direct Plan Growth	100	21,661	6.92	-	100	34,991	10.51	-
SBI Premier Liquid Fund - Direct Plan - Daily Dividend	1,000	-	-	-	1,000	18,111	18.17	-
SBI Liquid Fund- Direct Plan Growth	1,000	18,849	18.91	-	1,000	22,195	65.00	-
Union Arbitrage Fund - Regular Plan - Growth	10	1,954,337	20.94	-	10	-	-	-
			128.01	-			323.01	-

(₹ in millions)

	March 31, 2020				March 31, 2019			
	Face value	No of Shares/ Units	Current	Non-current	Face value	No of Shares/ Units	Current	Non-current
e) Investments in units of Fund								
Quoted (Fair Value Through Other Comprehensive Income (FVTOCI))								
IRB InvIT Fund (refer note 57)	102 [^]	92,705,000	-	2,374.18	102 [^]	92,705,000	-	6,123.17
			-	2,374.18			-	6,123.17
Total (a+b+c+d+e)			128.01	41,330.54			323.01	6,130.57
Aggregate book value of quoted investments	-	-	125.68	8,598.00	-	-	314.15	8,886.14
Market value of quoted investments	-	-	128.01	2,374.44	-	-	323.01	6,124.05
Aggregate amount of unquoted investments	-	-	-	38,956.10	-	-	-	6.52
Aggregate amount of impairment in value of investments	-	-	-	18.50	-	-	-	18.50

Disclosure 3 – Related to Financial Liabilities measured at Amortised Cost along with Current & Non-Current segregation

Note 17 : Borrowings

	(₹ In millions)	
	March 31, 2020	March 31, 2019
Non-current Borrowings		
Term loans		
Indian rupee loan from banks (secured)		
Project loans for SPVs (refer note i)	25,119.02	96,130.17
Equipment finance (refer note ii)	147.72	383.11
General purpose borrowings (refer note iii)	11,587.35	9,824.41
Less : current maturities	(5,138.16)	(7,515.57)
Total (a)	31,715.93	98,822.12
Foreign currency loans from banks (secured)		
Project loans for SPVs (refer note i)	-	2,039.53
Less: current maturities	-	(21.94)
Total (b)	-	2,017.59
Indian rupee loan from financial institutions (secured)		
Project loans for SPVs (refer note i)	4,741.03	15,845.01
Equipment finance (refer note ii)	131.16	238.20
General purpose borrowing (refer note iii)	9,265.00	7,625.32
Less : current maturities	(1,458.86)	(1,196.49)
Total (c)	12,678.33	22,512.04
Non-convertible debentures (secured) (refer note iv)	4,405.14	9,965.29
Less : current maturities	(87.35)	(69.34)
Total (d)	4,317.79	9,895.95
Deferred Premium Obligation (unsecured) (refer note v)	16,102.20	11,922.80
Total (e)	16,102.20	11,922.80
Less: Unamortised transaction cost (f)	(233.54)	(1,094.44)
Total (g = a + b + c + d + e + f)	64,580.71	144,076.06
Current Borrowings		
From Banks (Secured)		
- Overdraft (refer note vi)	14,451.35	6,924.85
- Cash credit / working capital demand loan (refer note vi)	6,193.68	6,176.86
Unsecured loans		
- Interest free loan from related parties (refer note vii) (refer note 36)	14.84	13.67
Total current borrowings	20,659.87	13,115.38
Aggregate Secured loans	75,693.89	153,994.83
Aggregate Unsecured loans	16,117.04	11,936.47

Panelist – CA. Parag V. Kulkarni

Email Id – parag.kulkarni@icai.org

Phone Number – 93702 23957

Like term loans, trade payables and lease liabilities are also measured and disclosed similarly. Typical other current financial liabilities are as follows:

Note 20 : Other financial liabilities

	(₹ in millions)			
	March 31, 2020		March 31, 2019	
	Current	Non-current	Current	Non-current
Current maturities of non-current borrowings				
Indian rupee loan from banks	5,138.16	-	7,515.57	-
Indian rupee loan from financial institutions	1,458.86	-	1,196.49	-
Foreign currency loan from banks	-	-	21.94	-
Non-convertible debentures	87.35	-	69.34	-
Unamortised transaction cost	(114.02)	-	(63.48)	-
Interest accrued but not due on borrowings	577.32	-	212.37	-
Premium obligation / Negative grant to NHAI (refer note 50)	3,424.90	122,637.32	2,816.76	129,378.95
Obligation for construction/ concession fee	72,813.44	12,084.08	20,491.82	2,009.15
Interest payable on others	30.15	-	56.51	-
Interest on premium deferment	-	4,161.30	-	2,926.60
Directors sitting fees payable (refer note 36)	0.46	-	0.56	-
Unpaid dividend	8.24	-	9.31	-
Book overdraft	54.50	-	53.05	-
Deposit	0.75	-	2.51	-
Retention money payable	4,879.58	0.32	2,788.54	77.27
Employee benefits payable	98.95	-	276.28	-
Capital creditors	81.92	-	111.43	-
Other payable				
- Related parties (refer note 36)	-	-	0.45	-
- Others (accrual liability)	1,302.52	-	4.35	-
Total	89,843.08	138,883.02	35,563.80	134,391.97

* There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at March 31, 2020 (March 31, 2019: Nil).

Finally, break-up of all financial liabilities carried at amortised cost can be presented as follows:

Break up of financial liabilities carried at amortised cost

	(₹ in millions)	
	March 31, 2020	March 31, 2019
Borrowings (secured)	75,693.89	153,994.83
Borrowings (unsecured)	16,117.04	11,936.47
Trade payables	7,440.28	7,060.93
Lease liabilities	126.39	-
Other financial liabilities	222,155.75	161,215.91
Total financial liabilities carried at amortised cost	321,533.35	334,208.14

Disclosure related to Interest Rate Swap:

Note 39 : Hedging activities and derivatives

The Group uses foreign currency denominated borrowings to manage some of its transaction exposures.

Interest rate swap

The Group had an interest rate swap agreement whereby the Group receives a variable rate of interest and pays fixed interest rate. The swap is being used to hedge the exposure to changes in the value of its variable rate ECB secured loans. The increase/decrease in value of the interest rate swap has been recognised in finance costs.

	(₹ in millions)	
Particulars of unhedged foreign currency exposure as at the balance sheet date	March 31, 2019	March 31, 2018
i) External commercial borrowing (ECB)		
Amount in USD Millions	29.49	29.63
Amount in INR Millions	2,039.53	1,927.48
Closing rate of 1 USD	69.17	65.04
ii) Interest on ECB		
Amount in USD Millions	0.55	0.49
Amount in INR Millions	38.00	31.85
Closing rate of 1 USD	69.17	65.04