

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of LOK CEMENTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **LOK CEMENTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For SINGHI & CO.
Chartered Accountants
Firm Registration No.302049E



(M. L. Shukla)
Partner
Membership No.051505



Annexure referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained full records showing particulars, including quantitative details and situation of fixed assets;
- (b) The management has physically verified fixed assets at reasonable intervals, which in our opinion is reasonable having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification.
- (ii) The Company does not own any inventory as such clause (ii) (a),(b) and (c) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) There is no purchase of inventory or fixed assets, similarly there is no sale of goods and services in the company. Hence the relevant para is not applicable to the company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from Public under the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Hence the relevant para is not applicable to the company.
- (vi) As the company is not in operation, the clause requiring maintenance of cost record is not applicable to the company.
- (vii) According to the information and explanations given to us in respect of Statutory and other dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, wherever applicable, with the appropriate authorities during the year. No amount of statutory dues is outstanding as on 31.03.2015 for a period of more than 6 months from the date they became payable.
 - (b) According to the information and explanations given to us no disputed dues of income tax or any other tax as mentioned in the Order was outstanding as on 31st March, 2015 against the company.
 - (c) As per the information and explanations given to us no amount is required to be transferred to investor education and protection fund as required by the relevant provisions of the Companies Act, 2013 and rules made there under as on 31.03.2015.
- (viii) The accumulated losses of the company as at 31st March 2015 is less than fifty percent of its net worth. The Company has incurred cash loss in the current financial year as well as in the immediately preceding financial year.



- (ix) The company has not borrowed any sum from financial institutions, banks and debenture holders, hence the question of default does not arise.
- (x) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, no term loan was taken by the Company.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For SINGHI & CO.
Chartered Accountants
Firm Registration No.302049E**



**(M. L. Shukla)
Partner
Membership No.051505**

1-B, Old Post Office Street,
Kolkata.
Dated, the 5th day of May, 2015.



LOK CEMENTS LIMITED
CIN U26922MH1995PLC085677
BALANCE SHEET as at 31st March 2015

(Amount in Rs)

	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUND			
Share Capital	2.1	1,00,07,000	1,00,07,000
Reserves and Surplus	2.2	(2,716,749)	(2,276,737)
		<u>7,290,251</u>	<u>7,730,263</u>
NON-CURRENT LIABILITIES			
Long-Term Borrowings	2.3	2,22,54,431	2,18,24,431
Other Long-Term Liabilities	2.4	15,959	-
		<u>2,22,70,390</u>	<u>2,18,24,431</u>
CURRENT LIABILITIES			
Other Current Liabilities	2.5	1,74,031	1,61,854
		<u>1,74,031</u>	<u>1,61,854</u>
TOTAL		<u><u>2,97,34,672</u></u>	<u><u>2,97,16,548</u></u>
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	2.6	-	-
		<u>-</u>	<u>-</u>
Long-Term Loans and Advances	2.7	32,19,613	32,19,613
Other Non-Current Assets	2.8	2,64,37,507	2,64,37,507
		<u>2,96,57,120</u>	<u>2,96,57,120</u>
CURRENT ASSETS			
Cash and Bank Balances	2.9	17,652	24,528
Short-Term Loans and Advances	2.7	59,900	34,900
		<u>77,552</u>	<u>59,428</u>
TOTAL		<u><u>2,97,34,672</u></u>	<u><u>2,97,16,548</u></u>

Significant Accounting Policies

1


The accompanying Notes form an integral part of the Financial Statements

As per our Report annexed

For SINGHI & CO.

Chartered Accountants

Firm Registration No. 302049E



M. L. SHUKLA


Partner

Membership No. 051505

1B, Old Post Office Street,
Kolkata-700 001.

The 5th day of May, 2015

For and on behalf of the Board



B. R. NAHAR
DIN 00049895



G. JAYARAMAN
DIN 00929802



LOK CEMENTS LIMITED
CIN U26922MH1995PLC085677
STATEMENT OF PROFIT & LOSS for the year ended 31st March 2015

		(Amount in Rs.)	
	Note	For the year ended 31st March, 2015	For the year ended 31st March, 2014
INCOME			
Other income	2.9	-	-
Total		-	-
EXPENSES			
Other Expenses	2.10	4,40,012	7,46,050
Total		4,40,012	7,46,050
Profit/(Loss) for the year		(4,40,012)	(7,46,050)
Earnings Per Share [nominal value Rs.10 /-]			
Weighted Average Number of Ordinary Shares outstanding during the year		10,00,700	10,00,700
Basic and Diluted earning per share		(0.44)	(0.75)

Significant Accounting Policies

1

The accompanying Notes are an integral part of the Financial Statements

For and on behalf of the Board

As per our Report annexed

For SINGHI & CO.

Chartered Accountants

Firm Registration No. 302049E



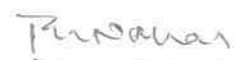
M. L. SHUKLA

Partner

Membership No. 051505

1B, Old Post Office Street,
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The 5th day of May, 2015



B. R. NAHAR

DIN 00049895



G. JAYARAMAN

DIN 00929802

LOK CEMENTS LIMITED
CIN U26922MH1995PLC085677
CASH FLOW STATEMENT for the year ended 31st March, 2015

	(Amount in Rs.)	
	For the year ended 31st March, 2015	For the year ended 31st March, 2014
A. Cash Flow from Operating Activities:		
Profit/(Loss) before Tax	(4,40,012)	(7,46,050)
Adjustments for:		
Excess liabilities written back	-	-
Operating Profit before Working Capital changes	(4,40,012)	(7,46,050)
Adjustments for:		
Increase in Short-term Loans And advances	(25000)	
Increase in Other Current Liabilities	12,177	1,35,000
Cash generated from operations	(12,823)	1,35,000
Net Cash from Operating Activities	(4,52,835)	(6,11,050)
B.		
Miscellaneous Expenditure written off		
Pre-Operative Expenses	-	-
Net Cash used in Investing Activities	-	-
C.		
Cash Flow from Financing Activities		
(Repayment) / Proceeds from Long Term Borrowings	4,45,959	6,28,520
Net Cash used in Financing Activities	4,45,959	6,28,520
Net increase in Cash and Cash Equivalents	(6,876)	17,470
Cash and Cash Equivalents as on 01.04.2014 (Opening Balance)	24,528	7,058
Cash and Cash Equivalents as on 31.03.2015 (Closing Balance)	17,652	24,528

Note:

1. Above statement has been prepared in indirect method.
2. Cash and Cash Equivalents consists of Cash in hand and balance with Banks.
3. Figures for the previous year have been re-grouped wherever considered necessary.

As per our Report annexed.
For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E


M. L. SHUKLA
Partner
Membership No. 051505
1B, Old Post Office Street,
Kolkata-700 001.

The 5th day of May, 2015

For and on behalf of the Board



B. R. NAHAR
DIN 00049895



G. JAYARAMAN
DIN 00929802

LOK CEMENTS LIMITED
CIN U26922MH1995PLC085677

Notes to Financial Statements for the year ended 31st March 2015

1 Significant Accounting Policies

1.1 Basis of Accounting

The financial statements are prepared under the historical cost convention, except stated otherwise, on an accrual basis and in accordance with the generally accepted accounting principles in India, the applicable mandatory Accounting Standards as notified by the relevant provisions of the Companies Act, 2013

The financial statements had been prepared and presented as per the requirement of Schedule III as notified under Companies Act 2013.

1.2 Fixed Assets

Tangible Fixed Assets

Fixed Assets, other than those which have been revalued, are stated at their original cost which includes expenditure incurred in the acquisition and construction/installation and other related expenses.

1.3 Depreciation and Amortisation

Depreciation is provided by systematic allocation of the depreciable amount of an assets over the remaining useful life or useful life, as the case may be, as prescribed in part C of Schedule II of Companies Act, 2013

1.4 Borrowing Costs

General and specific borrowing costs attributable to the acquisition, construction or installation of qualifying capital assets till the date of commencement of commercial use of the assets are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

1.5 Pre-Operative Expenses are apportioned to assets on completion of the project. Miscellaneous expenses will be charged to Profit and loss Account on commencement of commercial production.

1.6 Employees' benefits of short term nature are recognized as expenses as and when it accrues.

1.7 Contingent Liabilities

Contingent liabilities are not provided for and are disclosed separately.

A handwritten signature is written over a circular stamp. The stamp contains the text "LOK CEMENTS LIMITED" around the perimeter and "31/03/2015" in the center.

LOK CEMENTS LIMITED

Notes to Financial Statements for the year ended 31st March, 2015

(Amount in Rs)

		As at 31st March, 2015	As at 31st March, 2014
NOTE 2.1 : SHARE CAPITAL			
	Authorised		
1,00,00,000	Equity Shares of Rs. 10/- each	10,00,00,000	10,00,00,000
		10,00,00,000	10,00,00,000
	Issued,Subscribed and Paid-up		
10,00,700	Equity Shares of Rs. 10/- each fully paid-up (All Equity shares are held by Birla Corporation Limited - the Holding Company & its Nominees)	1,00,07,000	1,00,07,000
		1,00,07,000	1,00,07,000

(a) The company has only one class of issued shares i.e. equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share and equal right for dividend. No preference and/or restrictions on distribution of dividend and repayment of capital is attached to the above shares. In the event of liquidation, the ordinary shareholders are eligible to receive the remaining assets of the company after payment of all preferential amounts, in proportion to their shareholding.

(b) There has been no change/movements in number of shares outstanding at the beginning and at the end of the reporting period and therefore no reconciliation is required.

(c) All Equity Shares of the company are being held by Birla Corporation Ltd. - the Holding Company and its nominees

(d) No shares have been reserved for issue under options and contracts/ commitments for the sale of shares/disinvestment as at the balance sheet date.

(e) No shares have been allotted or has been bought back by the company during the period of 5 years preceding the date as at which the Balance Sheet is prepared.

(f) No convertible securities has been issued by the company during the year.

(g) No calls are unpaid by any Director and Officer of the Company during the year.

NOTE 2.2 : RESERVES & SURPLUS

General Reserve

As per last Financial Statements

5,381

5,381

5,381

5,381

Surplus/ (Deficit)

As per last Financial Statements

(22,82,118)

(15,36,068)

Add: Profit for the year

(4,40,012)

(7,46,050)

Net Surplus

(27,22,130)

(22,82,118)

(27,16,749)

(22,76,737)

NOTE 2.3 : LONG TERM - BORROWINGS

Loan and Advances from Related Parties (Unsecured)

2,22,54,431

2,18,24,431

Total Unsecured Borrowings

2,22,54,431

2,18,24,431

NOTE 2.4 : OTHER LONG TERM LIABILITIES

Interest Payable to Related Parties

15,959.00

-

Total Other Long Term Liabilities

15,959.00

-

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LOK CEMENTS LIMITED

NOTE 2.5 : OTHER CURRENT LIABILITIES

TDS Payable	1,773	-
Others	1,72,258	1,61,854
	<u>1,74,031</u>	<u>1,61,854</u>

	Non-Current		Current	
	As at	As at	As at	As at
	31st March,2015	31st March,2014	31st March,2015	31st March,2014

NOTE 2.7 : LOANS & ADVANCES

Security Deposits	10,000	10,000	-	-
Unsecured, considered good	10,000	10,000	-	-
(A)				

Other Loans and Advances

(Unsecured, Considered good)

Advance Tax (including TDS) (Net of provisions)	81,638	81,638	-	-
Advance against supply of Goods and Services	-	-	59,900	34,900
Balances with Government & Statutory Authorities	31,27,975	31,27,975	-	-
(B)	32,09,613	32,09,613	59,900	34,900
Total (A + B)	<u>32,19,613</u>	<u>32,19,613</u>	<u>59,900</u>	<u>34,900</u>

	As at	As at
	31st March, 2015	31st March, 2014

NOTE 2.8 : OTHER NON-CURRENT ASSETS

Preoperative Expenses	2,59,17,315	2,59,17,315
Miscellaneous Expenditure	5,20,192	5,20,192
	<u>2,64,37,507</u>	<u>2,64,37,507</u>

NOTE 2.9 : CASH AND BANK BALANCES

Cash and Cash Equivalents

Balances With Banks	15,728	22,604
Cash on hand	1,924	1,924
	<u>17,652</u>	<u>24,528</u>

LOK CEMENTS LIMITED

NOTE 2.6 : FIXED ASSETS

		DEPRECIATION					NET BLOCK	
		GROSS BLOCK						
Description	Cost/Value as at 31st March	Additions during the year	Deductions/ Adjustments during the year	Cost/Value as at 31st March	Up to 31st March	Provided during the year	Deductions/ Adjustments during the year	Up to 31st March
	2014			2015	2014			2015
Tangible Asset								
Furnitures & Fixtures	16,543	-	-	16,543	16,543	-	-	16,543
Previous Year	16,543	-	-	16,543	16,543	-	-	16,543



LOK CEMENTS LIMITED

(Amount in Rs.)

For the year ended

31st March, 2015

31st March, 2014

NOTE 2.10 : OTHER INCOME

Other Non Operating Income

Excess Liabilities and Unclaimed Balances written back

-	-
-	-

NOTE 2.11 : OTHER EXPENSES

SELLING, ADMINISTRATION AND OTHER EXPENSES

Rent	-	4,800
Auditors' Remuneration -		
Statutory Auditors -	16,854	16,854
Audit Fees	17,732	-
Interest Expenses		
Other Expenses	376,000	348,000.00
Consulting charges	5,000	1,53,776
Legal Charges	24,426	2,22,620
Other Expenses	4,40,012	7,46,050
	<u>4,40,012</u>	<u>7,46,050</u>

LOK CEMENTS LIMITED

- 2.12 As per the information available with the company, there are no Micro, Small and Medium Enterprises (MSMEs) to whom the company owes any dues on account of principle amount together with interest at Balance Sheet date, hence no additional disclosures have been made.
- 2.13 There are no reportable segments as per Accounting Standard - 17 i.e. 'Segment Reporting' issued by the Institute of Chartered Accountants of India, as the Company has not yet started its commercial production.
- 2.14 (a) As defined in AS-18 the company has a related party relationship in the nature of control with its holding company namely Birla Corporation Ltd.
- (b) During the year, the Company entered into the following related party transactions with Birla Corporation Limited the holding company.

<u>Particulars</u>	<u>For the year ended 31st March, 2015</u>	<u>For the year ended 31st March, 2014</u>
Advance received	4,30,000	6,28,520
Interest payable on above Loans and Advances	17,732	-
	<u>4,47,732</u>	<u>6,28,520</u>
	<u>As at</u>	<u>As at</u>
<u>Balance Outstanding:</u>	<u>31st March, 2015</u>	<u>31st March, 2014</u>
Advance received	2,22,70,390	2,18,24,431

- 2.15 There is no claim/disputes/demands/litigations against the company as on 31st March 2015.
- 2.16 The company does not have any long term contracts including derivative contracts for which there may be any material foreseeable losses.
- 2.17 There are no amounts which is required to be transferred to the Investor Education & Protection Fund by the company as on 31.03.2015.
- 2.18 Previous year's figures have been regrouped and rearranged wherever necessary.

Signatures to Note 1 to 2.18

For SINGHI & CO.

Chartered Accountants

Firm Registration No. 302049E



M. L. SHUKLA

Partner

Membership No. 051505

1B, Old Post Office Street,

Kolkata-700 001.

The 5th day of May, 2015

For and on behalf of the Board



B. R. NAHAR

DIN 00049895



G. JAYARAMAN

DIN 00929802