

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LOK CEMENTS LIMITED

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying Standalone Ind AS Financial Statements of LOK CEMENTS LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, 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 Ind AS Financial Statements

2. 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 standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance (including Other Comprehensive Income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rule, 2015 (as amended) 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act and Rule made thereunder including 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 Ind AS Financial Statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Ind AS Financial Statements.



5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS Financial Statements.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, its loss (including Other Comprehensive Income) and its cash flows for the year ended on that date.

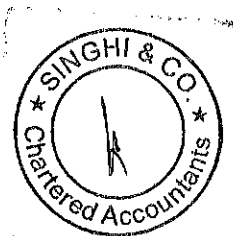
Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
8. As required by Section 143 (3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 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;
 - The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the statement of changes in Equity dealt with by this report are in agreement with the books of account;
 - In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
 - 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:
 - The Company does not have any pending litigation which would impact its financial position.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There are no amounts required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act and the rules made thereunder.

For Singhi & Co.
Chartered Accountants
Firm Registration number : 302049E



(M. L. Shukla)
Partner
Membership no: 051505



Place: Kolkata
Date: 11th May, 2018

Annexure – A to the Independent Auditors' Report

(Referred to in paragraph 7 with the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We report that:

- i. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) Assets are fully depreciated hence no physical verification has been performed during the year under audit.
 - c) As the Company does not own any immovable property, the clause related to title deed of immovable property is not applicable to the Company.
- ii. The clause related to physical verification of inventory is not applicable as the Company does not own any inventory.
- iii. As informed to us, the Company has not granted any loan, secured or unsecured, to the Company, firm or other parties covered in the register maintained under section 189 of the Companies Act. As no loans are given, other sub clauses are not applicable to the Company.
- iv. As the Company has not given any loans, made any investments and provided any guarantee and security clause IV is not applicable to the Company.
- v. According to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Act and the rules framed thereunder.
- vi. As the Company is not in operation, provisions of sub section (1) of Section 148 of the Companies Act 2013 with respect to maintenance of cost record are not applicable to the Company.
- vii. a) The company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, custom duty, Goods & Services Tax, cess and any other statutory dues with appropriate authorities. Details of undisputed statutory dues outstanding for a period of more than 6 months from the date they were due is as under:

Applicable law	Nature of dues	Amount (Rs.)	Year to which it pertains
Maharashtra State Tax on Profession, Trades Callings & Employment Act	Profession Tax on Company	2,500	F.Y. 2014-15

- b) As per the information and explanations given to us there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess which have not been deposited with the appropriate authorities on account of any dispute.
- viii. The Company has not availed any facilities from financial institutions or banks or debenture holders thus clause (viii) is not applicable to the Company.
- ix. No amounts have been raised by way of public offer or further public offer and term loans thus clause (ix) of the Order is not applicable to the Company.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.



Singhi & Co.

Chartered Accountants

.....contd.

- xi. No managerial remuneration has been paid by the Company, thus clause (xi) of the Order is not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable Indian accounting standards.
- xiv. The Company has not made any preferential allotment of shares thus clause (xiv) is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Singhi & Co.
Chartered Accountants
Firm Registration number : 302049E



(M. L. Shukla)
Partner
Membership no: 051505



Place: Kolkata
Date: 11th May, 2018

Annexure - B to the Independent Auditors' Report

(Referred to in paragraph 8 (f) with the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of LOK CEMENTS LIMITED ('the Company') as of 31st March 2018 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respect, an adequate internal financial control system over financial reporting and such internal control were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Singhi & Co.
Chartered Accountants
Firm Registration number : 302049E



(M. L. Shukla)
Partner
Membership no: 051505



Place: Kolkata
Date :11th May, 2018

LOK CEMENTS LIMITED
CIN No. U26922MH1995PLC085677
BALANCE SHEET as at 31st March, 2018

(Amount in ₹)

	No.	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	5	-	-
Financial Assets			
Other Financial Assets	6	10,000	10,000
Non Current Tax Asset	7	81,638	81,638
Other Non-Current Assets	7	<u>31,27,975</u>	<u>31,27,975</u>
		32,19,613	32,19,613
CURRENT ASSETS			
Financial Assets			
Cash and Cash Equivalents	8	16,878	32,062
Other Current Assets	7	<u>24,900</u>	<u>9,900</u>
		41,778	41,962
Total Assets		<u><u>32,61,391</u></u>	<u><u>32,61,575</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	9	1,00,07,000	1,00,07,000
Other Equity	10	<u>(3,34,59,786)</u>	<u>(3,26,53,329)</u>
		(2,34,52,786)	(2,26,46,329)
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	11	2,62,61,249	2,54,50,942
Other Financial Liabilities	12	<u>-</u>	<u>-</u>
		2,62,61,249	2,54,50,942
CURRENT LIABILITIES			
Financial Liabilities			
Trade Payable		-	-
Other Financial Liabilities	12	4,44,131	4,48,060
Other Current Liabilities	13	<u>8,797</u>	<u>8,902</u>
		4,52,928	4,56,962
Total Equity and Liabilities		<u><u>32,61,391</u></u>	<u><u>32,61,575</u></u>
Corporate and General Information	1		
Basis of Accounting	2		
Significant Accounting Policies	3		
Significant Judgement and Key Estimates	4		

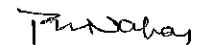
The accompanying notes form an integral part of the Financial Statements

As per our Report annexed.

For and on behalf of the Board

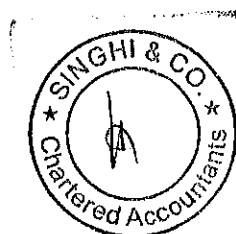
For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E


M. L. SHUKLA
Partner
Membership No. 051505
Kolkata.
Date : 11th May, 2018



B. R. NAHAR
DIN 00049895


VINOD KUMAR HAMIRWASIA
DIN 00149104



LOK CEMENTS LIMITED
CIN No. U26922MH1995PLC085677
STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2018

(Amount in ₹)

INCOME	Note No.	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Other Income	14	-	-
Total Income		-	-
EXPENSES			
Finance Costs	15	3,41,530	3,25,085
Other Expenses	16	4,64,927	6,00,272
Total Expenses		8,06,457	9,25,357
Profit before Exceptional Items and Tax		(8,06,457)	(9,25,357)
Exceptional Items		-	-
Profit/(Loss) before Tax		(8,06,457)	(9,25,357)
Tax Expense:			(9,25,357)
Current Tax		-	-
Deferred Tax		-	-
Income Tax for earlier years		-	-
Profit/(Loss) for the year		(8,06,457)	(9,25,357)
Other Comprehensive Income			(9,25,357)
A Items that will not be reclassified to profit or loss			
Income tax relating to these items		-	-
B Items that will be reclassified to profit or loss			
Income tax relating to these items		-	-
Other Comprehensive Income for the Year (Net of Tax)			
		-	-
Total Comprehensive Income for the period		(8,06,457)	(9,25,357)
Earnings Per Share			
Weighted Average Number of Ordinary Shares outstanding during the year		10,00,700	10,00,700
Basic		(0.81)	(0.92)
Diluted		(0.81)	(0.92)

Corporate and General Information	1
Basis of Accounting	2
Significant Accounting Policies	3
Significant Judgement and Key Estimates	4

The Notes are an integral part of the Financial Statements

As per our Report annexed.

For SINGHI & CO.

Chartered Accountants

Firm Registration No. 302049E

M. L. Shukla

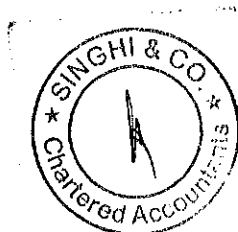
M. L. SHUKLA

Partner

Membership No. 051505

Kolkata.

Date : 11th May, 2018



For and on behalf of the Board

B. R. Nahar

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DIN 00049895

Vinod Kumar Hamirwasia

VINOD KUMAR HAMIRWASIA

DIN 00149104

LOK CEMENTS LIMITED
CIN U26922MH1995PLC085677
CASH FLOW STATEMENT for the year ended 31st March, 2018


(Amount in ₹)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
A. Cash Flow from Operating Activities:		
Profit/(Loss) before Tax	(8,06,457)	(9,25,357)
Adjustments for:		
Interest on Loan	34,153	3,25,085
Operating Profit before Working Capital changes	<u>(4,64,927)</u>	<u>(6,00,272)</u>
Adjustments for:		
Increase/(Decrease) in other financial liabilities	(19,044)	
(Increase)/Decrease in Other Current Assets	(15,000)	50,000
Increase/(Decrease) in other Liabilities	<u>(105)</u>	<u>367</u>
Cash generated from operations	(34,149)	50,367
Net Cash from Operating Activities	(4,99,076)	(5,49,905)
B.		
Miscellaneous Expenditure written off	-	-
Pre-Operative Expenses	-	-
Net Cash used in Investing Activities	<u>-</u>	<u>-</u>
C.		
Cash Flow from Financing Activities		
(Repayment) / Proceeds from Long Term Borrowings	8,10,307	6,53,719
Interest on Loan	<u>(3,26,415)</u>	<u>(1,10,315)</u>
Net Cash used in Financing Activities	4,83,892	5,43,404
Net increase in Cash and Cash Equivalents	<u>(15,184)</u>	<u>(6,501)</u>
Cash and Cash Equivalents as on 01.04.2017 (Opening Balance)	<u>32,062</u>	<u>38,563</u>
Cash and Cash Equivalents as on 31.03.2018 (Closing Balance)	<u>16,878</u>	<u>32,062</u>

Note:

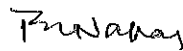
- 1 Above statement has been prepared in indirect method.
- 2 Cash and Cash Equivalents consists of Cash in hand and balance with Banks.
- 3 Figures for the previous year have been re-grouped wherever considered necessary.

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

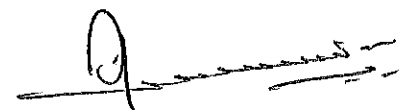

M. L. SHUKLA
Partner
Membership No. 051505
Kolkata.



For and on behalf of the Board



B. R. NAHAR
DIN 00049895


VINOD KUMAR HAMIRWASIA
DIN 00149104

Date : 11th May, 2018

LOK CEMENTS LIMITED
CIN No. U26922MH1995PLC085677

Statement of Change in Equity for the year ended 31st March, 2018

(Amount in ₹)

a) Equity Share Capital

Balance as at 1st April 2016	1,00,07,000
Add/(Less): Changes in Equity Share Capital during the year 2016-17	-
Balance as at 31st March 2017	1,00,07,000
Add/(Less): Changes in Equity Share Capital during the year 2017-18	-
Balance as at 31st March 2018	1,00,07,000

b) Other Equity

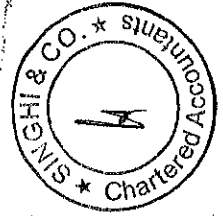
	Reserve & Surplus				Items of Other Comprehensive Income			Total	
	Capital Reserve	Debt Redemption Reserve	General Reserve	Foreign Currency Monetary Item Translation Difference Account	Retained Earnings	Debt Instrument through Other Comprehensive Income	Equity Instrument through Other Comprehensive Income		Remeasurement of Defined Benefit Plans
Balance as at 1st April, 2016	-	-	5381	-	(3,17,33,353)	-	-	-	(3,17,27,972)
Profit for the year	-	-	-	-	(9,25,357)	-	-	-	(9,25,357)
Total Comprehensive Income for the year	-	-	-	-	(9,25,357)	-	-	-	(9,25,357)
Balance as at 31st March, 2017	-	-	5,381.00	-	(3,26,58,710)	-	-	-	(3,26,53,329)

	Reserve & Surplus				Items of Other Comprehensive Income			Total	
	Capital Reserve	Debt Redemption Reserve	General Reserve	Foreign Currency Monetary Item Translation Difference Account	Retained Earnings	Debt Instrument through Other Comprehensive Income	Equity Instrument through Other Comprehensive Income		Remeasurement of Defined Benefit Plans
Balance as at 31st March, 2017	-	-	5,381	-	(3,26,58,710)	-	-	-	(3,26,53,329)
Profit for the year	-	-	-	-	(8,06,457)	-	-	-	(8,06,457.00)
Total Comprehensive Income for the year	-	-	-	-	(8,06,457)	-	-	-	(8,06,457.00)
Balance as at 31st March, 2018	-	-	5,381	-	(3,34,65,167)	-	-	-	(3,34,59,786.00)

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

M. L. SHUKLA
Partner

Membership No. 051505
Kolkata.
Date : 11th May, 2018



B. R. NAHAR

For and on behalf of the Board
B. R. NAHAR
DIN 00049895

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DIN 00049895
VINOD KUMAR HAMIRWASIA
DIN 00149104

5 PROPERTY, PLANT AND EQUIPMENT

Particulars	Year Ended 31st March 2017												
	Gross Carrying Amount					Accumulated Depreciation							
	Deemed cost as at 1st April 2015	Additions	Transfer/inter Unit Transfer	Disposals	Other Adjustments	As at 31st March 2017	As at 1st April 2015	Depreciation charged during the year	Transfer/inter Unit Transfer	Deductions	Other Adjustments	As at 31st March 2017	Net Carrying Amount
Leasehold Land													
Freehold Land													
Sub-Total													
Buildings													
Plant and Machinery													
Furniture and Fittings													
Vehicles													
Office Equipments													
Railway Slidings													
Capital Work-in-Progress													
Total													

Particulars	Year Ended 31st March 2018												
	Gross Carrying Amount					Accumulated Depreciation							
	Deemed cost as at 1st April 2017	Additions	Transfer/inter Unit Transfer	Disposals	Other Adjustments	As at 31st March 2018	As at 1st April 2017	Depreciation charged during the year	Transfer/inter Unit Transfer	Deductions	Other Adjustments	As at 31st March 2018	Net Carrying Amount
Leasehold Land													
Freehold Land													
Sub-Total													
Buildings													
Plant and Machinery													
Furniture and Fittings													
Vehicles													
Office Equipments													
Railway Slidings													
Capital Work-in-Progress													
Total													



LOK CEMENTS LIMITED
CIN No. U26922MH1995PLC085677
Notes to Financial Statements as on and for the year ended 31st March, 2018

(Amount in ₹)

Refer Note No.	Long-term		Short-term	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
6 OTHERS FINANCIAL ASSETS				
Security Deposits				
Secured, considered good				
Unsecured, considered good	10000	10000		
Doubtful				
Provision for doubtful security deposit	10,000	10,000	-	-
	10,000	10,000	-	-

7 OTHER ASSETS

Advances other than Capital Advances

Advance Tax and TDS (Net of provisions)	81,638	81,638		
Advance against supply of Goods and Services			24,900	9,900
Balances with Government & Statutory Authorities	31,27,975	31,27,975		
Total Other Assets	32,09,613	32,09,613	24,900	9,900

Refer Note No.	As at 31st March 2018	As at 31st March 2017
8 CASH AND CASH EQUIVALENTS		
Balances With Banks :		
In Current/Cash Credit Account	14,954	30,138
Cash in Hand	1,924	1,924
	16,878	32,062

Refer Note No.	As at 31 st March 2018		As at 31 st March 2017	
	No. of Shares	Amount	No. of Shares	Amount
9 EQUITY SHARE CAPITAL				
9.1 Authorised Share Capital				
Ordinary Shares of ₹10/- each	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
9.2 Issued Share Capital				
Ordinary Shares of ₹10/- each	10,00,700	1,00,07,000	10,00,700	1,00,07,000
	10,00,700	1,00,07,000	10,00,700	1,00,07,000
9.3 Subscribed and Paid-up Share Capital				
Ordinary Shares of ₹10/- each fully paid-up	10,00,700	1,00,07,000	10,00,700	1,00,07,000
	10,00,700	1,00,07,000	10,00,700	1,00,07,000

9.4 Reconciliation of the number of shares at the beginning and at the end of the year

There has been no change/ movements in number of shares outstanding at the beginning and at the end of the year.

9.5 Terms/ Rights attached to Equity Shares :

The Company has only one class of issued shares i.e., Ordinary Shares having par value of ₹10 per share. Each holder of the Ordinary Shares is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim dividend. 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.

9.6 Shareholding Pattern with respect of Holding or Ultimate Holding Company

All equity shares of the company are being held by Birla Corporation Ltd. - the Holding Company and its nominees.

9.7 No shares have been reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment as at the Balance Sheet date.

9.8 The Company has not allotted any equity shares against consideration other than cash nor has allotted any shares as fully paid up by way of bonus shares nor has bought back any shares during the period of five years immediately preceding the date at which the Balance Sheet is prepared.

9.9 No securities convertible into Equity/ Preference shares have been issued by the Company during the year.

9.10 No calls are unpaid by any Director or Officer of the Company during the year.

10 OTHER EQUITY (Refer Statement of Change In Equity)

The Description of the nature and purpose of each reserve within equity is as follows:

- a) General Reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.
- b) Retained Earnings: Retained Earnings represents the undistributed profit of the Company.



17 Disclosure as required under the micro, small and medium enterprises development act, 2006, to the extent ascertained, and as per notification number GSR 679 (E) dated 4th September, 2015

Sl. No.	Particulars	As at 31st March 2018	As at 31st March 2017
i	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year.	NIL	NIL
ii	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
iii	The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL
iv	The amount of interest accrued and remaining unpaid at the end of each accounting year	NIL	NIL
v	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL

18 Related Party Disclosures

18.1 As defined in Indian Accounting Standard-24, the Company has a related party relationship as below:

Name of the Entity	Place of Incorporation	Ownership Interest held by the Company	
		31st March 2018	31st March 2017
Birla Corporation Ltd	India	100%	100%

18.2 Transaction during the year

Particulars	2017-18	2016-2017
Advances taken		607
Loans taken	5,18,045	5,76,835
Interest Expense on Loan Taken	3,41,530	3,24,735

18.3 Balance Outstanding as at the balance sheet date

Particulars	As at 31st March 2018	As at 31st March 2017
Borrowings Received	-	-
Subsidiaries	-	-
Loan payable	2,62,61,249	2,54,50,942
Interest on Loan payable	3,07,377	2,92,262
Associates	-	-

19 Fair value of Financial Assets and Financial Liabilities (Non Current and Current)

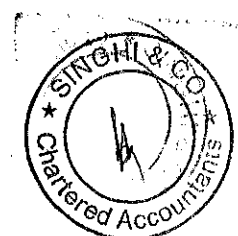
As at 31st March 2018 and 31st March 2017

Particulars	31st March 2018			31st March 2017		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
Financial Assets						
Other Financial Assets			10,000			10,000
Cash and Cash Equivalents			16,878			32,062
Total Financial Assets	-	-	26,878	-	-	42,062
Financial Liabilities						
Borrowings			2,62,61,249			2,54,50,942
Other Financial Liabilities			4,44,131			4,48,060
Total Financial Liabilities	-	-	2,67,05,380	-	-	2,58,99,002

20 Fair Values of Financial Assets & Liabilities

20.1 The following is the comparison by class of the carrying amounts and fair value of the Company's financial instruments that are measured at amortized cost:

Particulars	31st March 2018		31st March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Other Financial Assets	10,000	10,000	10,000	10,000
Cash and Cash Equivalents	16,878	16,878	32,062	32,062
Total Financial Assets	26,878	26,878	42,062	42,062
Financial Liabilities				
Borrowings	2,62,61,249	2,62,61,249	2,54,50,942	2,54,50,942
Rupee Term Loan				
Other Financial Liabilities	4,44,131	4,44,131	4,48,060	4,48,060
Total Financial Liabilities	2,67,05,380	2,67,05,380	2,58,99,002	2,58,99,002



(Amount in ₹)

- 20.2 The management assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, short term borrowings, and other financial liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments.
- 20.3 For Financial assets and liabilities that are measured at fair value, the carrying amounts are equal to their fair values.
- 20.4 The fair value of the financial assets and financial liabilities is included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- 21 Assets and Liabilities measured at Fair Value - recurring fair value measurements-NIL

21.1 Financial Assets and Liabilities measured at Amortized Cost for which fair values are disclosed

As at 31st March 2018 and 31st March 2017

Particulars	31st March 2018			31st March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets						
Other Financial Assets			10,000			10,000
Cash and Cash Equivalents			16,878			32,062
Total Financial Assets			26,878	0	0	42,062
Financial Liabilities						
Borrowings			2,62,61,249			2,54,50,942
Debentures						
Rupee Term Loan						
Foreign Currency Term Loan						
Other Financial Liabilities			4,44,131			4,48,060
Total Financial Liabilities			2,67,05,380	0	0	2,58,99,002

- 21.2 During the year ended March 31, 2018 and March 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

22 The following are the remaining contractual maturities of financial liabilities as at 31st March 2018


Particulars	On Demand	Less than 6 months	6 months to 1 year	1 years to 5 years	More than 5 years	Total
Non-derivative						
Borrowings	2,62,61,249					2,62,61,249
Other financial liabilities	4,44,131					4,44,131

b The following are the remaining contractual maturities of financial liabilities as at 31st March 2017

Particulars	On Demand	Less than 6 months	6 months to 1 year	1 years to 5 years	More than 5 years	Total
Non-derivative						
Borrowings	2,54,50,942					2,54,50,942
Other financial liabilities	4,48,060					4,48,060

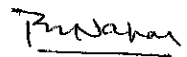
- 23 Comparative financial information (i.e. the amounts and other disclosure for the preceding year) presented above, is included as an integral part of the current year's financial statements, and is to be read in relation to the amounts and other disclosures relating to the current year. Figures of the previous year are regrouped and reclassified wherever necessary to correspond to figures of the current year.

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



M. L. SHUKLA
Partner
Membership No. 051505
Kolkata.

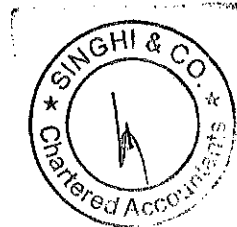
Date : 11th May, 2018

For and on behalf of the Board



B. R. NAHAR
DIN 00049895


VINOD KUMAR HAMIRVASTIA
DIN 00149104



Lok Cements Limited
CIN : U26922MH1995PLC085677

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2018

1. CORPORATE AND GENERAL INFORMATION

Lok Cements Limited is a company of M. P. Birla Group. It was incorporated in the year 1995. The Company was formed to carry business as manufacturers and dealers in Grey Cement, while Portland cement & its related Products like Clinker, Lime, Clay, Gypsum & Limestone, etc. Since, the acquisition of mining lease is still in process, the production has not yet commenced.

2. BASIS OF ACCOUNTING

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), other relevant provisions of the Act and other accounting principles generally accepted in India.

The financial statements of the Company for the year ended 31st March, 2018 have been approved by the Board of Directors in their meeting held on 11/05/2018.

2.2 Basis of Measurement

The financial statements have been prepared on historical cost basis, except for following:

- Financial assets and liabilities are measured at Fair value/ Amortised cost;

2.3 Functional and Presentation Currency

The Financial Statements have been presented in Indian Rupees (INR), which is also the Company's functional currency. All financial information presented in INR has been rounded off to the nearest Rupees as per the requirements of Schedule III, unless otherwise stated.

2.4 Use of Estimates and Judgements

The preparation of financial statements require judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities including contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period prospectively in which the results are known/ materialized.

2.5 Current Vs non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

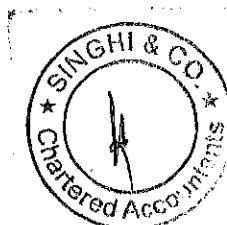
An asset is classified as current when it is:

- Expected to be realized or intended to^{be} sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;



- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

3.1 Cash and Cash Equivalents

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

3.2 Income Tax

Income Tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

3.2.1. Current Tax

Current tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities using the tax rates (and tax laws) that have been enacted or substantively enacted, at the end of the reporting period.

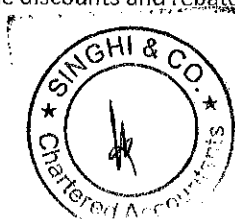
3.2.2. Deferred Tax

- Deferred Tax assets and liabilities shall be measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (i.e., tax base). Deferred tax is also recognized for carry forward of unused tax losses and unused tax credits.
- Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.
- The carrying amount of deferred tax assets is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.
- Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.
- Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.3 Property, Plant and Equipment

3.3.1. Recognition and Measurement:

- Property, plant and equipment held for use in the production or/and supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any accumulated depreciation and accumulated impairment losses (if any).
- Cost of an item of property, plant and equipment acquired comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting any trade discounts and rebates, any directly attributable costs of bringing the



assets to its working condition and location for its intended use and present value of any estimated cost of dismantling and removing the item and restoring the site on which it is located.

- In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of directly attributable overheads, directly attributable borrowing costs incurred in bringing the item to working condition for its intended use, and estimated cost of dismantling and removing the item and restoring the site on which it is located. The costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling items produced while bringing the asset to that location and condition are also added to the cost of self-constructed assets.
- The Company had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31st March, 2009 (as amended on 29th December, 2011), which will be continued in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31st March, 2016. Accordingly, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.
- If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
- Profit or loss arising on the disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

3.3.2. Subsequent Expenditure

- Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the cost incurred will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.
- Major Inspection/ Repairs/ Overhauling expenses are recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any Unamortized part of the previously recognized expenses of similar nature is derecognized.

3.3.3. Depreciation and Amortization

- Depreciation on tangible assets is provided on straight line method at the rates determined based on the useful lives of respective assets as prescribed in the Schedule II of the Act.
- In case the cost of part of tangible asset is significant to the total cost of the assets and useful life of that part is different from the remaining useful life of the asset, depreciation has been provided on straight line method based on internal assessment and independent technical evaluation carried out by external valuers, which the management believes that the useful lives of the component best represent the period over which it expects to use those components. In case of certain components of plant and machineries depreciation has been provided based on the useful life considered at 2-15 years.
- Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e., from (up to) the date on which asset is ready for use (disposed of).
- Depreciation on assets built on leasehold land, which is transferrable to the lessor on expiry of lease period, is amortized over the period of lease.
- Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.3.4. Disposal of Assets

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss.

3.3.5. Capital Work in Progress



Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production.

3.4 Revenue Recognition

- Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.
- The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction specific to each arrangement.

3.4.1. Sale of Goods

Revenue from the sale of goods is recognized when significant risks and rewards of ownership are transferred to customers and the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from the sale of goods is measured at the fair value of the consideration received or receivables, net of returns and allowances, trade discounts and volume rebates.

3.4.2. Interest Income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income (FVTOCI), interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

3.5 Borrowing Cost

- Borrowing Costs consists of interest and other costs that an entity incurs in connection with the borrowings of funds. Borrowing costs also includes exchange difference to the extent regarded as an adjustment to the borrowing costs.
- Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized as a part of the cost of that asset that necessarily takes a substantial period of time to complete and prepare the asset for its intended use or sale. The Company considers a period of twelve months or more as a substantial period of time.
- Transaction costs in respect of long term borrowing are amortized over the tenure of respective loans using Effective Interest Rate (EIR) method. All other borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

➤

3.6 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.

3.6.1. Financial Assets

➤ **Recognition and Initial Measurement:**

All financial assets are initially recognized when the company becomes a party to the contractual provisions of the instruments. A financial asset is initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

➤ **Classification and Subsequent Measurement:**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Measured at Amortized Cost;



- Measured at Fair Value Through Other Comprehensive Income (FVTOCI);
- Measured at Fair Value Through Profit or Loss (FVTPL); and
- Equity Instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

- Measured at Amortized Cost: A debt instrument is measured at the amortized cost if both the following conditions are met:
 - The asset is held within a business model whose objective is achieved by both collecting contractual cash flows; and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

- Measured at FVTOCI: A debt instrument is measured at the FVTOCI if both the following conditions are met:
 - The objective of the business model is achieved by both collecting contractual cash flows and selling the financial assets; and
 - The asset's contractual cash flows represent SPPI.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at fair value with any gains or losses arising on remeasurement recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses. Interest calculated using the effective interest method is recognized in the statement of profit and loss in investment income.

- Measured at FVTPL: FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.
- Equity Instruments measured at FVTOCI: All equity investments in scope of Ind AS – 109 are measured at fair value. Equity instruments which are, held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. In case the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment.

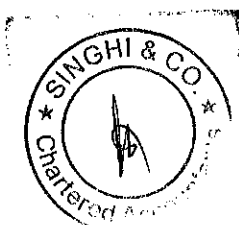
➤ **Derecognition**

The Company derecognizes a financial asset on trade date only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Impairment of Financial Assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS – 109 requires expected credit losses to be measured through a loss allowance. The company recognizes lifetime expected losses for all contract assets and/ or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

3.6.2. Financial Liabilities



➤ **Recognition and Initial Measurement:**

Financial liabilities are classified, at initial recognition, as at fair value through profit or loss, loans and borrowings, payables or as derivatives, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

➤ **Subsequent Measurement:**

Financial liabilities are measured subsequently at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

➤ **Financial Guarantee Contracts**

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirement of Ind AS 109 and the amount recognized less cumulative amortization.

➤ **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

➤ **Offsetting financial instruments**

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

3.7 Impairment of Non-Financial Assets

➤ The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful lives of the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (Cash Generating Units – CGU).

➤ An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in earlier accounting period is reversed if there has been an improvement in recoverable amount.

3.8 Provisions, Contingent Liabilities and Contingent Assets

3.8.1. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.8.2. Contingent Liabilities



Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognized because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of contingent liabilities in Other Notes to Financial Statements.

3.8.3. Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

3.9 Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 — Inputs which are unobservable inputs for the asset or liability.

External valuers are involved for valuation of significant assets & liabilities. Involvement of external valuers is decided by the management of the company considering the requirements of Ind As and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

3.10 Standards Issued/amended but not yet effective

The MCA has notified Companies (Indian Accounting Standards) (Amendment) Rules, 2018 to amend the following Ind-AS's. The amendment will come into force from accounting period commencing on or after 1st April, 2018.

- Ind AS 115-Revenue from Contracts with Customers;
The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application and make no adjustments to its comparative information.



- **Ind AS 21-The Effects of changes in Foreign Exchange Rates:**
The newly inserted Appendix B to Ind AS 21, "Foreign Currency Transactions and Advance Consideration" clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The company intends to adopt these Standards when it becomes effective. The Company is in the process of assessing the possible impact of the above standards and will adopt the amendments on the required effective date.

4. Significant Judgements and Key sources of Estimation in applying Accounting Policies

Information about Significant judgements and Key sources of estimation made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- **Recognition of Deferred Tax Assets:** The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.
- **Useful lives of depreciable/ amortisable assets (tangible and intangible):** Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to actual normal wear and tear that may change the utility of plant and equipment.
- **Provisions and Contingencies:** The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied as best judgement by management regarding the probability of exposure to potential loss.
- **Impairment of Financial Assets:** The Company reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.

