

**PRASHANSHA CERAMICS LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2018**

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**INDEPENDENT AUDITORS' REPORT**

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To

The Members of

**PRASHANSHA CERAMICS LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Prashansha Ceramics Limited ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone 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 standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in the 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) Rules 2015 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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**

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



We have taken into account the provisions of the Act and the rules 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 these Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the 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 auditors consider internal financial control relevant to the Company's preparation of the Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 standalone Ind AS financial statements.

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

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 31<sup>st</sup> March 2018 and of the loss (including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India terms of sub-section (11) of section 143 of the Act, we give in the Annexure - A, a statement on the matters specified in clause 3 and 4 of the Order, to the extent possible.
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 purpose 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 (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;
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act;
- e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2018, from being appointed as a director in terms section 164(2) of the Act;
- f) With respect to the adequacy of internal financial controls over financial reporting of the Company and operating effectiveness of such controls, our separate report in annexure – B may be referred;
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
  - i. The Company does not have any pending litigations on its financial position in its Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivatives 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 SANGHAVI & COMPANY  
Chartered Accountants  
FRN: 109099W

Khambhalia  
18<sup>th</sup> May 2018



*Manoj Ganatra*  
MANOJ GANATRA  
Partner  
Membership No. 043485

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**ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT**

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(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

- 1 In respect of fixed assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. The fixed assets were physically verified by the management at reasonable intervals in a phased manner in accordance with a programme of physical verification. No discrepancies were noticed on such verification.
  - c. The title deeds of immovable properties are held in the name of the Company.
- 2 Since no inventories are held by the Company during the year, provisions of clause 3(ii) of the Order are not applicable to the Company.
- 3 The Company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- 4 Since the company has not given loans, investments, guarantees and security under Section 185 and 186 of the Act, provisions of clause 3(iv) of the Order are not applicable to the Company.
- 5 The Company has not accepted any deposits within the meaning of the provisions of section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder.
- 6 The Central government has not prescribed maintenance of cost records under Section 148(1) of the Companies Act, 2013.
- 7 In respect of statutory and other dues:
  - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess, GST and other statutory dues, to the extent applicable, with the appropriate authorities during the year. There are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable.
  - b. There are no statutory dues, which have not been deposited on account of dispute.
- 8 The Company has not obtained any borrowings from any financial institutions or government or by way of debentures.
- 9 The Company has not raised any money, during the year, by way of public offer (including debt instruments) or term loans.



- 10 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 or on the Company by its officers or employees was noticed or reported during the year.
- 11 Since the Company has not paid any managerial remuneration during the year, the provisions of clause 3(xi) of the Order are not applicable to the Company.
- 12 Since the Company is not a Nidhi Company, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 13 All transactions with the related parties are in compliance with Section 177 and 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- 14 The Company has not made any preferential allotment or private placement of equity shares or fully or partly convertible debentures during the year under the review.
- 15 The Company has not entered into any non-cash transactions during the year with directors or persons concerned with him.
- 16 The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Khambhalia  
18<sup>th</sup> May 2018



For SANGHAVI & COMPANY  
Chartered Accountants  
FRN: 109099W

A handwritten signature in black ink, appearing to read "Manoj Ganatra".

MANOJ GANATRA  
Partner  
Membership No. 043485

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**ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT**

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

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We have audited the internal financial controls over financial reporting of Prashansa Ceramics Limited ("the Company") as of 31<sup>st</sup> March, 2018 in conjunction with our audit of the 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**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 auditors' 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

A 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 authorizations 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 respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> 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 Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Khambhalia  
18<sup>th</sup> May 2018



For SANGHAVI & COMPANY  
Chartered Accountants  
FRN: 109099W

*Manoj Ganatra*  
MANOJ GANATRA  
Partner

Membership No. 043485



PRASHANSHA CERAMICS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2018

(Amount in Indian ₹)

Particulars	Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>ASSETS:</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	2	1,15,90,741	1,16,72,333	1,17,53,925
Intangible assets		-	-	-
Intangible asset under development		-	-	-
Financial assets		-	-	-
Investments		-	-	-
Loans		-	-	-
Other financial assets		-	-	-
Other non-current assets	3	2,50,806	2,50,806	2,50,806
		<b>1,18,41,547</b>	<b>1,19,23,139</b>	<b>1,20,04,731</b>
<b>Current Assets</b>				
Inventories		-	-	-
Financial assets		-	-	-
Investments		-	-	-
Trade receivables		-	-	-
Cash and cash equivalents	4	2,22,766	1,66,719	1,50,234
Other bank balances		-	-	-
Loans		-	-	-
Other financial assets		-	-	-
Other current assets	3	-	505	90,735
		<b>2,22,766</b>	<b>1,67,224</b>	<b>2,40,969</b>
<b>Total Assets</b>		<b>1,20,64,313</b>	<b>1,20,90,363</b>	<b>1,22,45,700</b>
<b>EQUITY AND LIABILITIES:</b>				
<b>Equity</b>				
Equity share capital	5	1,45,00,000	1,45,00,000	1,45,00,000
Other equity	6	(2,81,51,957)	(2,51,12,707)	(2,23,98,931)
		<b>(1,36,51,957)</b>	<b>(1,06,12,707)</b>	<b>(78,98,931)</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial Liabilities				
Borrowings	7	2,55,49,258	2,26,73,670	2,01,21,731
Other financial liabilities		-	-	-
Provisions		-	-	-
Deferred tax liabilities (net)		-	-	-
Other non-current liabilities		-	-	-
		<b>2,55,49,258</b>	<b>2,26,73,670</b>	<b>2,01,21,731</b>
<b>Current liabilities</b>				
Financial Liabilities				
Borrowings		-	-	-
Trade payables	8	63,512	29,400	22,900
Other financial liabilities		-	-	-
Other current liabilities	9	1,03,500	-	-
Provisions		-	-	-
		<b>1,67,012</b>	<b>29,400</b>	<b>22,900</b>
<b>Total Liabilities</b>		<b>1,20,64,313</b>	<b>1,20,90,363</b>	<b>1,22,45,700</b>

The accompanying notes are integral part of these financial statements.

As per our report of even date

For SANGHAVI & COMPANY  
Chartered Accountants

For and on behalf of the Board of Directors

MANOJ GANATRA  
Partner

Khambhalia  
18th May 2018



*M. J. Jadhav*

*M. K. Sawant*

Directors

Khambhalia  
18th May 2018

PRASHANSHA CERAMICS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2018

(Amount in Indian ₹)

Particulars	Note No.	2017-2018	2016-2017
<b>REVENUE:</b>			
Revenue from operations		-	-
Other income	10	-	2,940
<b>Total Revenue</b>		<b>-</b>	<b>2,940</b>
<b>EXPENSES:</b>			
Cost of materials consumed		-	-
Purchases of traded goods		-	-
Changes in inventories		-	-
Excise duty		-	-
Employee benefits expenses		-	-
Finance costs	11	28,75,588	25,51,939
Depreciation and amortisation expenses	12	81,592	81,592
Other expenses	13	82,070	83,185
<b>Total Expenses</b>		<b>30,39,250</b>	<b>27,16,716</b>
Profit/(Loss) before tax		(30,39,250)	(27,13,776)
Tax expenses			
Current tax		-	-
Earlier years' tax		-	-
Deferred tax		-	-
Profit/(Loss) for the year		(30,39,250)	(27,13,776)
<b>Other Comprehensive income</b>			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified to profit or loss		-	-
Other comprehensive income for the year		-	-
<b>Total Comprehensive Income for the year</b>		<b>(30,39,250)</b>	<b>(27,13,776)</b>
Basic and diluted earning per share	14	(2.10)	(1.87)
Face value per share		10.00	10.00

The accompanying notes are integral part of these financial statements.

As per our report of even date

For SANGHAVI & COMPANY  
Chartered Accountants

For and on behalf of the Board of Directors

MANOJ GANATRA  
Partner



Khambhalia  
18th May 2018

*M. G. D. D. D.*

*[Signature]*

Directors

Khambhalia  
18th May 2018

PRASHANSHA CERAMICS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2018

**A. SHARE CAPITAL**

(Amount in Indian ₹)

Particulars	31st March 2018	31st March 2017
At the beginning of the year	1,45,00,000	1,45,00,000
Changes in equity share capital during the year	-	-
At the end of the year	1,45,00,000	1,45,00,000

**B. OTHER EQUITY**

(Amount in Indian ₹)

Particulars	Retained earnings	Total
As at 1st April, 2016	(2,23,98,931)	(2,23,98,931)
Profit/ (Loss) for the year	(27,13,776)	(27,13,776)
As at 31st March, 2017	(2,51,12,707)	(2,51,12,707)
Profit/ (Loss) for the year	(30,39,250)	(30,39,250)
As at 31st March, 2018	(2,81,51,957)	(2,81,51,957)

The accompanying notes are integral part of these financial statements.

As per our report of even date

For SANGHAVI & COMPANY  
Chartered Accountants

MANOJ GANATRA  
Partner



Khambhalia  
18th May 2018

For and on behalf of the Board of Directors

*[Signature]*

*[Signature]*

Directors

Khambhalia  
18th May 2018

PRASHANSHA CERAMICS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

(Amount in Indian ₹)

	2017-2018		2016-2017	
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit Before Tax and Exceptional /Extraordinary Items	(30,39,250)		(27,13,776)	
<b>Adjustments for -</b>				
Depreciation	81,592		81,592	
Loss on Sale of Fixed Assets	-		-	
Interest	28,75,588		25,51,939	
Operating Profit Before Working Capital Changes	29,57,180		26,33,531	
	(82,070)		(80,245)	
<b>Adjustments for -</b>				
Trade and Other Receivables	505		90,230	
Inventories	-		-	
Trade and Other Payables	1,37,612		6,500	
Cash generated from Operations	1,38,117		96,730	
	56,047		16,485	
Direct Taxes Paid (Net)	-		-	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	56,047		16,485	
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	-		-	
Interest/ Dividend Received	-		-	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	-		-	
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds from Loans Borrowed	28,75,588		25,51,939	
Repayments of Loans Borrowed	-		-	
Interest Paid	(28,75,588)		(25,51,939)	
Dividend Paid	-		-	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	-		-	
Net Increase in Cash and Cash Equivalents	56,047		16,485	
Cash and Cash Equivalents as at beginning of the year	1,66,719		1,50,234	
<b>Cash and Cash Equivalents as at end of the year</b>	<b>2,22,766</b>		<b>1,66,719</b>	

As per our report of even date

For SANGHAVI & COMPANY  
Chartered Accountants

MANOJ GANATRA  
Partner



Khambhalia  
18th May 2018

For and On Behalf of the Board of Directors

*M. J. G. W. A. I. E.*

*[Signature]*

Directors

Khambhalia  
18th May 2018

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**Notes forming part of the financial statements for the year ended 31<sup>st</sup> March 2018**

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**COMPANY INFORMATION**

Prashansa Ceramics Limited (the 'Company') is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Jamnagar - Dwarka Highway, Khambhalia - 361 001.

The standalone financial statements ('the financial statements') were authorized for issue in accordance with the resolution of the Board of Directors on 18<sup>th</sup> May 2018.

**1 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES**

**1.1 Basis of preparation and measurement:**

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 and the Companies (Indian Accounting Standards) Rules, 2015 as applicable.

The financial statements for the year ended 31st March, 2018 are the first financial statements prepared by the Company under Ind AS. For all periods up to and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS. The financial statements for the year ended 31st March, 2017 and the opening Balance Sheet as at 1st April, 2016 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's balance sheet, statement of profit and loss and statement of cash flows are provided in note 1.3 c.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2016 being the date of transition to Ind AS. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. The Company adopts operating cycle based on the project period and accordingly, all project related assets and liabilities are classified into current and non-current. Other than project related assets and liabilities, 12 month period is considered as normal operating cycle.

The Company's financial statements are reported in Indian Rupees, which is also the company's functional currency.

**i.2 Significant accounting policies:**

**a. System of accounting**

The Company follows mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties. These financial statements are prepared under the historical cost convention unless otherwise indicated.



b. Key accounting estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income, expenses and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

c. Property, plant and equipment

- (i) Property, plant and equipment are stated at historical cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/installation of the assets less accumulated depreciation and accumulated impairment losses, if any.
- (ii) Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit and loss as incurred.
- (iii) The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the statement of profit and loss.
- (iv) On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1 April 2016 of its property, plant and equipment and use that carrying value as the deemed cost of the property, plant and equipment on the date of transition i.e. 1 April 2016.
- (v) The Company depreciates property, plant and equipment on straight line method over the estimated useful life prescribed in Schedule II of the Companies Act, 2013 from the date the assets are ready for intended use after considering the residual value.

d. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprises of balance with banks and cash on hand and short term deposits with an original maturity of three month or less, which are subject to insignificant risks of changes in value.

e. Equity instruments:

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An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs.



f. Trade payables

A payable is classified as a trade payable if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

g. Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Also, the effective interest rate amortisation is included in finance costs. Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the statement of profit and loss in the period in which they occur.

h. Taxation

(i) Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

(ii) Deferred tax is determined by applying the balance sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the reporting date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each reporting date to reassess realisation. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

i. Provisions and contingent liabilities

The Company creates a provision when there is present obligation (legal or constructive) as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events. Contingent assets are neither recognised nor disclosed in the financial statements.

j. Impairment of non financial assets

As at each reporting date, the Company assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of profit and loss.



k. Earnings Per Share

- (i) Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.
- (ii) For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

1.3 First-time adoption of Ind AS:

a. Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies as set out in note no. 1.2 above have been applied in preparing the financial statements for the year ended 31<sup>st</sup> March 2018, the comparative information presented in these financial statements for the year ended 31<sup>st</sup> March 2017 and in the preparation of an opening Ind AS balance sheet as at 1<sup>st</sup> April 2016 (the transition date). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in the financial statements prepared in accordance with the Accounting Standards notified under the Companies (accounting Standards) Rules, 2006 and other relevant provisions of the Act. An explanation of how transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

b. Exemption and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS, which are considered to be material and significant.

- (i) Since, there is no change in the functional currency of the Company, it has opted to continue with the carrying values measured under the previous GAAP and use that carrying value as the deemed cost for property, plant and equipment and intangible assets on the date of transition
- (ii) The classification of financial assets to be measured at cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed at the date of transition to Ind AS. .
- (iii) On assessment of the estimates made under the previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those statements. However, estimates that were required under Ind AS but not required under previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

c. Reconciliations between previous GAAP and Ind AS

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The following reconciliations provide the explanations and quantification of the differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

- (i) Reconciliation of equity as reported under previous GAAP to Ind AS;
- (ii) Reconciliation of profit or loss and total comprehensive income as reported under previous GAAP to Ind AS; and
- (iii) Adjustments to statement of cash flows.

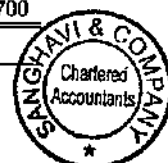




Rencociliation of equity as at 1st April, 2016

(Amount in Indian ₹)

Particulars	Note No.	Previous GAAP	Adjustments	Ind AS
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment		1,17,53,925	-	1,17,53,925
Intangible assets		-	-	-
<b>Financial assets</b>				
Investments		-	-	-
Loans		-	-	-
Other financial assets		-	-	-
Other non-current assets		2,50,806	-	2,50,806
		<u>1,20,04,731</u>	<u>-</u>	<u>1,20,04,731</u>
<b>Current Assets</b>				
Inventories		-	-	-
<b>Financial assets</b>				
Investments		-	-	-
Trade receivables		-	-	-
Cash and cash equivalents		1,50,234	-	1,50,234
Other bank balances		-	-	-
Loans		-	-	-
Other financial assets		-	-	-
Other current assets		90,735	-	90,735
		<u>2,40,969</u>	<u>-</u>	<u>2,40,969</u>
		<u>1,22,45,700</u>	<u>-</u>	<u>1,22,45,700</u>
<b>Total Assets</b>				
<b>EQUITY AND LIABILITIES:</b>				
<b>Equity</b>				
Equity share capital		1,45,00,000	-	1,45,00,000
Other equity	1	(3,88,32,283)	1,64,33,352	(2,23,98,931)
		<u>(2,43,32,283)</u>	<u>1,64,33,352</u>	<u>(78,98,931)</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	1	3,65,55,083	(1,64,33,352)	2,01,21,731
Other financial liabilities		-	-	-
Provisions		-	-	-
Other non-current liabilities		-	-	-
		<u>3,65,55,083</u>	<u>(1,64,33,352)</u>	<u>2,01,21,731</u>
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings		-	-	-
Trade payables		22,900	-	22,900
Other financial liabilities		-	-	-
Other current liabilities		-	-	-
Provisions		-	-	-
		<u>22,900</u>	<u>-</u>	<u>22,900</u>
		<u>1,22,45,700</u>	<u>-</u>	<u>1,22,45,700</u>
<b>Total Liabilities</b>				



Rencociliation of equity as at 31st March, 2017

(Amount in Indian ₹)

Particulars	Note No.	Previous GAAP	Adjustments	Ind AS
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment		1,16,72,333	-	1,16,72,333
Intangible assets		-	-	-
<b>Financial assets</b>				
Investments		-	-	-
Loans		-	-	-
Other financial assets		-	-	-
Other non-current assets		2,50,806	-	2,50,806
		<u>1,19,23,139</u>	<u>-</u>	<u>1,19,23,139</u>
<b>Current Assets</b>				
Inventories		-	-	-
<b>Financial assets</b>				
Investments		-	-	-
Trade receivables		-	-	-
Cash and cash equivalents		1,66,719	-	1,66,719
Other bank balances		-	-	-
Loans		-	-	-
Other financial assets		-	-	-
Other current assets		505	-	505
		<u>1,67,224</u>	<u>-</u>	<u>1,67,224</u>
		<u>1,20,90,363</u>	<u>-</u>	<u>1,20,90,363</u>
<b>Total Assets</b>				
<b>EQUITY AND LIABILITIES:</b>				
<b>Equity</b>				
Equity share capital		1,45,00,000	-	1,45,00,000
Other equity	1	(3,89,94,120)	1,38,81,413	(2,51,12,707)
		<u>(2,44,94,120)</u>	<u>1,38,81,413</u>	<u>(1,06,12,707)</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	1	3,65,55,083	(1,38,81,413)	2,26,73,670
Other financial liabilities		-	-	-
Provisions		-	-	-
Other non-current liabilities		-	-	-
		<u>3,65,55,083</u>	<u>(1,38,81,413)</u>	<u>2,26,73,670</u>
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings		-	-	-
Trade payables		29,400	-	29,400
Other financial liabilities		-	-	-
Other current liabilities		-	-	-
<b>Provisions</b>				
		<u>29,400</u>	<u>-</u>	<u>29,400</u>
		<u>1,20,90,363</u>	<u>-</u>	<u>1,20,90,363</u>
<b>Total Liabilities</b>				



Rencociliation of statement of profit and loss for the year ended 31st March, 2017

(Indian ₹ in lacs)

Particulars	Note No.	Previous GAAP	Adjustments	Ind AS
<b>REVENUE:</b>				
Revenue from operations		-	-	-
Other income		2,940	-	2,940
<b>Total Revenue</b>		<u>2,940</u>	<u>-</u>	<u>2,940</u>
<b>EXPENSES:</b>				
Cost of materials consumed		-	-	-
Purchases of stock-in-trade		-	-	-
Operating charges		-	-	-
Changes in inventories		-	-	-
Excise duty		-	-	-
Employee benefits expenses		-	-	-
Finance costs	2	-	25,51,939	25,51,939
Depreciation and amortisation expenses		81,592	-	81,592
Other expenses		83,185	-	83,185
<b>Total Expenses</b>		<u>1,64,777</u>	<u>25,51,939</u>	<u>27,16,716</u>
Profit before tax		(1,61,837)	(25,51,939)	(27,13,776)
Tax expenses				
Current tax		-	-	-
Earlier years' tax		-	-	-
Deferred tax		-	-	-
Profit for the year		<u>(1,61,837)</u>	<u>(25,51,939)</u>	<u>(27,13,776)</u>
<b>Other Comprehensive income</b>				
Items that will not be reclassified to profit or loss				
Items that may be reclassified to profit or loss				
Other comprehensive income for the year		<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the year</b>		<u>(1,61,837)</u>	<u>(25,51,939)</u>	<u>(27,13,776)</u>



**Notes to reconciliation of equity and statement of profit and loss**

- 1 Under Ind AS, loans are valued at present value as compared to being carried at cost in the previous GAAP. This adjustment includes the difference between the book value and the present value of an interest free loan to the subsidiary by the holding company. The interest on the present value of this loan is recognized over the tenure of the loan using the effective interest rate (EIR) method.
- 2 Amortization of the effective interest rate (EIR) on interest free loan is included in the finance costs.
- 3 There are no material adjustments of transition to the statement of cash flows to conform to Ind AS presentation for the year ended 31<sup>st</sup> March, 2017.



Note 2

Property, plant and equipment

(Amount in Indian ₹)

Particulars	Land	Building	Plant & Equipment	Total
<b>Gross carrying value (at deemed cost)</b>				
As at 1st April, 2016	77,72,788	76,45,059	1,39,21,355	2,93,39,202
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31st March, 2017	77,72,788	76,45,059	1,39,21,355	2,93,39,202
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31st March, 2018	77,72,788	76,45,059	1,39,21,355	2,93,39,202
<b>Accumulated depreciation</b>				
As on 1st April, 2016	-	43,59,988	1,32,25,289	1,75,85,277
Depreciation charged	-	81,592	-	81,592
Disposals	-	-	-	-
As at 31st March, 2017	-	44,41,580	1,32,25,289	1,76,66,869
Depreciation charged	-	81,592	-	81,592
Disposals	-	-	-	-
As at 31st March, 2018	-	45,23,172	1,32,25,289	1,77,48,461
<b>Net carrying value</b>				
As at 1st April, 2016	77,72,788	32,85,071	6,96,066	1,17,53,925
As at 31st March, 2017	77,72,788	32,03,479	6,96,066	1,16,72,333
As at 31st March, 2018	77,72,788	31,21,887	6,96,066	1,15,90,741



**Note 3****Other assets**

(Amount in Indian ₹)

Particulars	Non-current			Current		
	31st March 2018	31st March 2017	1st April 2016	31st March 2018	31st March 2017	1st April 2016
Security deposits	2,50,806	2,50,806	2,50,806	-	-	-
Income tax assets (net)	-	-	-	-	-	84,000
Other advances	-	-	-	-	505	6,735
<b>Total other assets</b>	<b>2,50,806</b>	<b>2,50,806</b>	<b>2,50,806</b>	<b>-</b>	<b>505</b>	<b>90,735</b>

**Note 4****Cash and cash equivalents**

(Amount in Indian ₹)

Particulars	31st March	31st March	1st April
	2018	2017	2016
Balances with banks	2,21,984	1,65,937	1,49,452
Cash on hand	782	782	782
<b>Total cash and cash equivalents</b>	<b>2,22,766</b>	<b>1,66,719</b>	<b>1,50,234</b>



Note 5

Equity share capital

(Amount in Indian ₹)

Particulars	31st March	31st March	1st April
	2018	2017	2016
<b>Authorised</b>			
1,550,000 equity shares of ₹ 10 each	1,55,00,000	1,55,00,000	1,55,00,000
	<u>1,55,00,000</u>	<u>1,55,00,000</u>	<u>1,55,00,000</u>
<b>Issued, Subscribed and Paid up</b>			
1,450,000 equity shares of ₹ 10 each	1,45,00,000	1,45,00,000	1,45,00,000
Total equity share capital	<u>1,45,00,000</u>	<u>1,45,00,000</u>	<u>1,45,00,000</u>

Shares held by each shareholder holding more than 5 percent shares

Name of Shareholder	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	Nos.	% of holding	Nos.	% of holding	Nos.	% of holding
Ashapura Minechem Limited	7,00,000	48.28	7,00,000	48.28	7,00,000	48.28
Bombay Minerals Limited ( a subsidiary of Ashapura Minechem Limited)	7,50,000	51.72	7,50,000	51.72	7,50,000	51.72

Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a face value of ₹ 10 each ranking pari passu in all respect including voting rights and entitlement to dividend. Each holder of equity shares is entitled to one vote per share. Dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid to the shareholders.



**Note 6****Other equity**

(Amount in Indian ₹)

Particulars	31st March	31st March	1st April
	2018	2017	2016
<b>Retained earnings</b>			
Balance at the beginning of the year	(2,51,12,707)	(2,23,98,931)	
Profit for the year	(30,39,250)	(27,13,776)	
<b>Total other equity</b>	<b>(2,81,51,957)</b>	<b>(2,51,12,707)</b>	<b>(2,23,98,931)</b>

**Retained earnings:** Retained earnings are the profits that the Company has earned till date, dividends or other distributions paid to shareholders.

**Note 7****Borrowings**

(Amount in Indian ₹)

Particulars	Non-current		
	31st March	31st March	1st April
	2018	2017	2016
<b>Secured</b>	-	-	-
<b>Unsecured</b>			
Term loans from related parties	2,55,49,258	2,26,73,670	2,01,21,731
<b>Total borrowings</b>	<b>2,55,49,258</b>	<b>2,26,73,670</b>	<b>2,01,21,731</b>

**Note 8****Trade payables**

(Amount in Indian ₹)

Particulars	Current		
	31st March	31st March	1st April
	2018	2017	2016
Trade payables	63,512	29,400	22,900
<b>Total trade payables</b>	<b>63,512</b>	<b>29,400</b>	<b>22,900</b>

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosures relating to the amounts unpaid as at the year end together with interest paid/payable under the Act have not been given.

**Note 9****Other liabilities**

(Amount in Indian ₹)

Particulars	Current		
	31st March	31st March	1st April
	2018	2017	2016
Advances from customers	-	-	-
Statutory liabilities	3,500	-	-
Other liabilities	1,00,000	-	-
<b>Total other liabilities</b>	<b>1,03,500</b>	<b>-</b>	<b>-</b>





**Note 10****Other income**

(Amount in Indian ₹)

Particulars	2017-2018	2016-2017
Interest receipts	-	2,940
Miscellaneous income	-	-
<b>Total other income</b>	<b>-</b>	<b>2,940</b>

**Note 11****Finance costs**

(Amount in Indian ₹)

Particulars	2017-2018	2016-2017
Interest		
Banks	-	-
Others (EIR Amortization of interest free loan)	28,75,588	25,51,939
<b>Total finance costs</b>	<b>28,75,588</b>	<b>25,51,939</b>

**Note 12****Depreciation and amortisation expenses**

(Amount in Indian ₹)

Particulars	2017-2018	2016-2017
Depreciation on tangible assets	81,592	81,592
<b>Total depreciation and amortisation</b>	<b>81,592</b>	<b>81,592</b>



**Note 13****Other expenses**

(Amount in Indian ₹)

Particulars	2017-2018	2016-2017
Insurance premiums	37,231	13,766
Rates & taxes	-	144
Payment to auditors	41,300	28,750
Bad debts/balances written off	505	36,075
Bank charges	3,034	-
Miscellaneous expenses	-	4,450
<b>Total other expenses</b>	<b>82,070</b>	<b>83,185</b>

**Payments to auditors**

Audit fees	35,000	25,000
Service Tax/GST	6,300	3,750
	<b>41,300</b>	<b>28,750</b>

**Note 14****Earning per share**

Particulars	2017-2018	2016-2017
Profit for the year ₹	(30,39,250)	(27,13,776)
Weighted average number of shares (Nos)	14,50,000	14,50,000
Earnings per share (Basic and Diluted) ₹	(2.10)	(1.87)
Face value per share ₹	10.00	10.00



## Note 15

Fair value measurement

## Financial instruments by category

(Amount in Indian ₹)

Particulars	31st March 2018			31st March 2017			1st April 2016		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>									
Investments	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	2,22,766	-	-	1,66,719	-	-	1,50,234
Other bank balances	-	-	-	-	-	-	-	-	-
<b>Total financial assets</b>	-	-	<b>2,22,766</b>	-	-	<b>1,66,719</b>	-	-	<b>1,50,234</b>
<b>Liabilities</b>									
Borrowings	-	-	2,35,49,258	-	-	2,26,73,670	-	-	2,01,21,731
Trade payables	-	-	63,512	-	-	29,400	-	-	22,900
Other financial liabilities	-	-	-	-	-	-	-	-	-
<b>Total financial liabilities</b>	-	-	<b>2,56,12,770</b>	-	-	<b>2,27,03,070</b>	-	-	<b>2,01,44,631</b>



**Note 16****Financial risk management**

The Company's activities expose it to credit risk and liquidity risk.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit Risk	Cash and cash equivalents, financial assets and trade receivables	Credit ratings Aging analysis	Diversification of counter parties, investment limits, check on counter parties basis credit rating and number of overdue days
Liquidity Risk	Other liabilities	Maturity analysis	Maintaining sufficient cash/cash equivalents and marketable securities

The Board provides guiding principles for overall risk management as well as policies covering specific areas such as credit risk and investment of surplus liquidity.

**Note 17****Capital management**

The Company's capital management objective is to maximise the total shareholder returns by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the company.

The following table summarises the capital of the Company:

(Amount in Indian ₹)

	31st March 2018	As at 31st March 2017	31st March 2016
Equity	(1,36,51,957)	(1,06,12,707)	(78,98,931)
Long-term debt	2,55,49,258	2,26,73,670	2,01,21,731
Short-term debt	-	-	-
Tangible assets	1,15,90,741	1,16,72,333	1,17,53,925
Cash and cash equivalents	2,22,766	1,66,719	1,50,234
Others (net)	83,794	2,21,911	3,18,641



18. On the principles of prudence and uncertainty of the deferred tax reversals in the subsequent years, deferred tax assets are not recognized and accounted for in accordance with the Indian Accounting Standard (Ind AS) – 12 "Income Tax".
19. There are no operations or activities in the company during the past few years. However, as the management is hopeful of resuming the operational activities in the near future, the accounts are prepared on the basis of the going concern.
20. In the opinion of the directors, the current assets, loans and advances are approximately of the value as stated in the balance sheet, if realized in the ordinary course of the business. The provision of all known liabilities is adequate and not in excess of the amount reasonably required.
21. Related Party Transactions with the holding company, Bombay Minerals Limited
- a. Outstanding Balance: ₹ 25,549,258 (22,673,670)
- b. Interest Paid: ₹ 2,875,588 (2,551,939)
22. Figures in the brackets are the figures for the previous year, unless otherwise stated.
23. Previous year's figures are regrouped and rearranged, wherever necessary.

Signatures to Notes No. 1 to 23

As per our Report of even date

For SANGHAVI & COMPANY  
Chartered Accountants

*Manoj Ganatra*  
MANOJ GANATRA  
Partner

Khambhalia  
18<sup>th</sup> May 2018



For and on behalf of the Board of Directors

*Manoj Ganatra*

*Manoj Ganatra*

Directors

Khambhalia  
18<sup>th</sup> May 2018