

**INDEPENDENT AUDITORS' REPORT**

To the Members of HFCL Advance Systems Private Limited

**Report on the Audit of Ind AS Financial Statements****Opinion**

We have audited the Ind AS financial statements of HFCL Advance Systems Private Limited ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the Statement of Profit and Loss and the statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2019, and loss, and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 18 in the Ind AS financial statements, which indicates that the Company incurred a net loss of Rs. 98,882 during the year ended March 31, 2019 and, as of that date, the Company's current liabilities exceeded its total assets by Rs. 2,48,561. This indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Responsibility of Management for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

#### **Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the Board Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

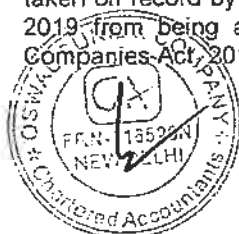
If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Auditors' Responsibility for the Audit of Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

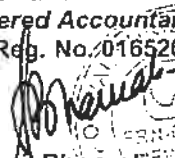
#### **Report on Other Legal and Regulatory Requirements**

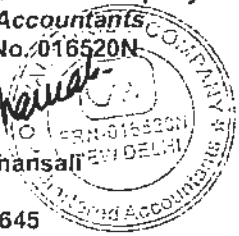
1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the *Annexure A*, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Companies Act, 2013, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.



- (f) 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
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid/provided remuneration to its directors during the year. Thus, non-compliance of the provisions of section 197 of the Act does not arise.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has no pending litigations on its financial position as referred in Note 11 of the Ind AS financial statements.
  - ii. The Company has not made provision, as required under the applicable law & accounting standards for material foreseeable losses, if any and as required under the long-term contracts. The Company does not have any derivative contracts.
  - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

For Oswal Sunil & Company  
Chartered Accountants  
Firm Reg. No. 016520N

  
CA Sunil Bhansali  
Partner  
M. No.: 054645



Place: New Delhi  
Dated: 14/05/2019

## 'ANNEXURE A' TO THE INDEPENDENT AUDITORS' REPORT

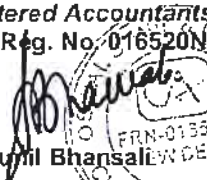
(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

- i.
  - (a) Based on the scrutiny of the books of accounts and other records and according to the information and explanations given to us, we are of the opinion that the question of commenting on maintenance of proper records of fixed assets does not arise since the company has no fixed as on 31st March 2019 nor at any time during the financial period ended 31st March 2019.
  - (b) According to the information and explanations received by us, as the company owns no immovable properties, the requirement on reporting whether title deed of immovable properties held in the name of company is not applicable.
- ii. As the company has not purchased/sold goods during the period nor is there any closing stock, requirement of reporting on physical verification of stock or maintenance of inventory records, in our opinion, does not arise.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, with respect to the loans and investments.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014 with regard to the deposits accepted from the public are not applicable.
- vi. According to the information and explanation provided by the management, the company is not engaged in production of any such goods or provision of any such services for which the Central Government has prescribed particulars relating to utilization of material or labour or other items of cost. Hence, the provisions of section 148(1) of the Act do not apply.
- vii.
  - a. According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been regular in depositing undisputed statutory dues including income-tax and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as on 31<sup>st</sup> March, 2019 for a period of more than six months from the date on when they become payable.
  - b. According to the information and explanations given to us, there are no dues in respect of income tax, sales tax, service tax, goods and services tax, duty of customs, duty of excise, value added tax outstanding as at 31st March, 2019, which have not been deposited with the appropriate authorities on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the Company has not borrowed from financial institutions or banks or government or issued debenture till 31st March, 2019. Hence, in our opinion, the question of reporting on default in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders does not arise.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the period. Accordingly, paragraph 3 (ix) of the Order is not applicable.



- x. According to the information and explanation given to us and based on our examination, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. The Company has not paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- xii. In our opinion, the Company is not a Nidhi company. Therefore, the provisions of paragraph 3 (xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, in our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares/debentures during the year and hence the reporting on compliance of section 42 of the Companies Act, 2013 under provisions of paragraph 3 (xiv) of the Order are not applicable.
- 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.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of paragraph 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For Oswal Sunil & Company  
Chartered Accountants  
Firm Reg. No. 016520N

  
CA Sunil Bhansali  
Partner  
M. No.: 054645



Place: New Delhi  
Dated: 14/05/2019



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

(Referred to in paragraph 2(f) under '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 **HFCL Advance Systems Private Limited** ('the Company') as of 31<sup>st</sup> March, 2019 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 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 ICAI. 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 control 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, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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.



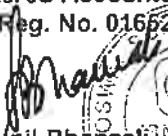
**Inherent Limitations of Internal Financial Controls over Financial Reporting**

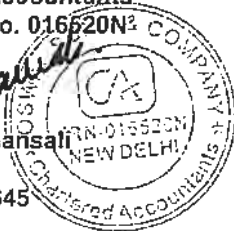
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31st March, 2019, 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.

For Oswal Sunil & Company  
Chartered Accountants  
Firm Reg. No. 016520N2

  
CA Sunil Bhansali  
Partner  
M. No.: 054645



Place: New Delhi  
Dated: 14/05/2019

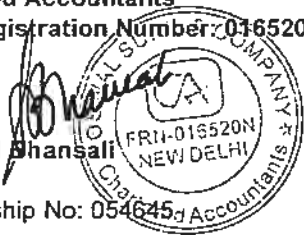
HFCL ADVANCE SYSTEMS PRIVATE LIMITED  
 Balance Sheet as at March 31, 2019  
 (All amounts are in Rs.)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Current Assets</b>			
(a) Financial Assets			
(i) Cash & cash equivalents	3	44,818	51,984
<b>Total current assets</b>		<b>44,818</b>	<b>51,984</b>
<b>Total Assets</b>		<b>44,818</b>	<b>51,984</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	4	1,00,000	1,00,000
(b) Other Equity	4	(3,48,561)	(2,49,679)
<b>Total Equity</b>		<b>(2,48,561)</b>	<b>(1,49,679)</b>
<b>Current Liabilities</b>			
(a) Other current liabilities	5	2,93,378	2,01,662
<b>Total current liabilities</b>		<b>2,93,378</b>	<b>2,01,662</b>
<b>Total equity and liabilities</b>		<b>44,818</b>	<b>51,984</b>

The accompanying notes form an integral part of the financial statements

As per our report of even date attached  
 For Oswal Sunil & Company  
 Chartered Accountants  
 Firm Registration Number: 016520N

CA Sunil Bhansali  
 Partner  
 Membership No: 054645



For and on behalf of the Board

*R.M. Kastia*  
 R.M. Kastia  
 Director  
 DIN : 00053059

*Y. L. Agarwal*  
 Y. L. Agarwal  
 Director  
 DIN : 00024770

Place : New Delhi  
 Date : 14-05-2019



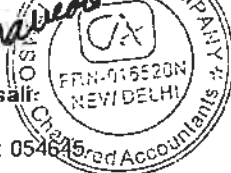
**HFCL ADVANCE SYSTEMS PRIVATE LIMITED**  
**Statement of Profit and Loss for the year ended March 31, 2019**  
*(All amounts are in Rs.)*

Particulars		Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I.</b>	<b>INCOME</b>			
	Revenue from operations		-	-
	<b>Total Revenue (I)</b>		-	-
<b>II.</b>	<b>EXPENSE</b>			
	Finance Cost	6	118	1,840
	Other Expenses	7	98,764	1,06,060
	<b>Total Expenses (II)</b>		<b>98,882</b>	<b>1,07,900</b>
<b>III</b>	<b>Profit / (loss) before exceptional items and income tax (I-II)</b>		<b>(98,882)</b>	<b>(1,07,900)</b>
<b>IV</b>	Exceptional item (net of tax)		-	-
<b>V</b>	<b>Profit / (Loss) before tax (III - IV)</b>		<b>(98,882)</b>	<b>(1,07,900)</b>
<b>VI</b>	Tax expense		-	-
	Current tax		-	-
<b>VII</b>	<b>Profit/(loss) for the period (V-VI)</b>		<b>(98,882)</b>	<b>(1,07,900)</b>
<b>VIII</b>	<b>Other Comprehensive Income</b>			
	A.) Items that will not be reclassified to profit or loss		-	-
	B.) Items that will be reclassified to profit or loss;		-	-
	<b>Other comprehensive income for the year after tax (VIII)</b>		-	-
<b>IX</b>	<b>Total comprehensive income for the year (VII+VIII)</b>		<b>(98,882)</b>	<b>(1,07,900)</b>
	<b>Basic earnings per share</b>	8	<b>(9.89)</b>	<b>(10.79)</b>
	<b>Diluted earnings per share</b>	8	<b>(9.89)</b>	<b>(10.79)</b>

The accompanying notes form an integral part of the financial statements

As per our report of even date attached  
For Oswal Sunil & Company  
Chartered Accountants  
Firm Registration Number: 016520N


CA Sunil Bhansali  
Partner  
Membership No: 054645



Place : New Delhi  
Date : 14-05-2019

For and on behalf of the Board of Directors

  
Dr. R.M. Kastia  
Director  
DIN : 00053059

  
Y. L. Agarwal  
Director  
DIN : 00024770

**HFCL ADVANCE SYSTEMS PRIVATE LIMITED**  
**Statement of Cash Flow for the year ended 31st March, 2019**  
*(All amounts are in Rs.)*

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
I.	<b>Cash Flow From Operating Activities</b>		
	Profit before income tax	(98,882)	(1,07,900)
	<b>Change in operating assets and liabilities</b>		
	Increase in other current liabilities	91,716	96,712
	<b>Cash generated from operations</b>	(7,166)	(11,188)
	Income taxes paid	-	-
	<b>Net cash inflow from operating activities</b>	(7,166)	(11,188)
II	<b>Cash flows from investing activities</b>	-	-
III	<b>Cash flows from financing activities</b>	-	-
IV	<b>Net increase (decrease) in cash and cash equivalents</b>	(7,166)	(11,188)
V	Cash and cash equivalents at the beginning of the financial year	51,984	63,172
VI	<b>Cash and cash equivalents at end of the year</b>	<b>44,818</b>	<b>51,984</b>

**Notes:**

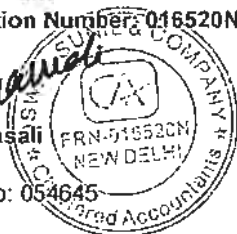
- The Statement of Cash flow has been prepared under the indirect method as set-out in the Ind AS - 7 "Statement of Cash Flow" as specified in the Companies (Indian Accounting Standards) Rules, 2015
- Figures in bracket indicate cash outflow.
- Cash and cash equivalents (refer note 3), comprise off the following:

- Balance with banks	44,818	51,984
<b>Balances per Statement of Cash Flows</b>	<b>44,818</b>	<b>51,984</b>

The accompanying notes form an integral part of the financial statements


As per our report of even date attached  
**For Oswal Sunil & Company**  
**Chartered Accountants**  
**Firm Registration Number: 016520N**

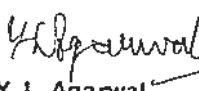
**CA Sunil Bhansali**  
Partner  
Membership No: 054645



Place : New Delhi  
Date : 14-05-2019

**For and on behalf of the Board of Directors**

  
**Dr. R.M. Kastia**  
Director  
DIN : 00053059

  
**Y. L. Agarwal**  
Director  
DIN : 00024770

**HFCL ADVANCE SYSTEMS PRIVATE LIMITED**  
**Statement of Changes in Equity for the period ended 31st March, 2019**  
*(All amounts are in Rs.)*

**Equity Share Capital**

(Figures in Rs.)

Particulars	Amount
As at March 31, 2017	1,00,000
Changes in equity share capital	-
As at March 31, 2018	1,00,000
Changes in equity share capital	-
As at March 31, 2019	1,00,000

**Other equity**

(Figures in Rs.)

Particulars	Reserves and Surplus			Othe Comprehensive Income	Total
	Share application money pending allotment	Securities Premium Reserve	Retained Earnings	Remeasurement of defined benefit plans	
Balance as at April 1, 2017	-	-	(1,41,779)	-	(1,41,779)
Changes in accounting policy or prior period errors	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-
Total Comprehensive Income for the year	-	-	(1,07,900)	-	(1,07,900)
Dividends	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-
Balance as at March 31, 2018	-	-	(2,49,679)	-	(2,49,679)
Changes in accounting policy or prior period errors	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-
Total Comprehensive Income for the year	-	-	(98,882)	-	(98,882)
Dividends	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-
Balance as at March 31, 2019	-	-	(3,48,561)	-	(3,48,561)

As per our report of even date attached  
 For Oswal Sunil & Company  
 Chartered Accountants, L & Co  
 Firm Registration Number: 016520N

CA Sunil Shansali  
 Partner  
 Membership No. 054645

Place : New Delhi  
 Dated: 14-05-2019

For and on behalf of the Board of Directors

*Roo Kashe*  
 Dr. E.M. Kastia  
 Director  
 DIN : 00053059

*Y. L. Agarwal*  
 Y. L. Agarwal  
 Director  
 DIN : 00024770

**HFCL Advance Systems Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2019**  
*(All amounts are in Rupees unless otherwise stated)*

**1. Corporate information**

HFCL Advance Systems Private Limited is a private company incorporated under the provision of the Companies Act, 2013. The Company came into existence on 23<sup>rd</sup> February, 2015. The Company is a subsidiary company of Himachal Futuristic Communications Limited.

**2. Significant accounting policies**

**2.1. Basis of preparation**

**2.1.1. Compliance with Ind AS**

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time

**2.1.2. Historical Cost Convention**

The Standalone Financial Statements have been prepared on the historical cost basis except for the following:

- certain financial assets and liabilities and contingent consideration is measured at fair value;
- assets held for sale measured at fair value less cost to sell;
- defined benefit plans - plan assets measured at fair value; and

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The Financial Statements are presented in Indian Rupees except where otherwise stated.

**2.1.3. New and Amended Standard adopted by Company**

The Company has applied the following standard and amendments for the first time for the annual reporting period commencing April 01, 2018:

- Ind AS 115, *Revenue from Contracts with Customers*
- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, *The Effects of Changes in Foreign Exchange Rates*
- Amendment to Ind AS 12, *Income Taxes*
- Amendment to Ind AS 40, *Investments Property*
- Amendment to Ind AS 28, *Investment in Associates and Joint Ventures and Ind AS 112, Disclosure of Interests in Other Entities*

Most of amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**2.1.4. Use of estimates and judgements**

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.



Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

## 2.2. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. Any impairment loss for goodwill is recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

## 2.3. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle
- b) Held primarily for the purpose of trading, or
- c) Expected to be realised within twelve months after the reporting period other than for (a ) above, or
- d) 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 other assets are classified as non-current. A liability is current when:

- a) It is expected to be settled in normal operating cycle
- b) It is held primarily for the purpose of trading
- c) It is due to be settled within twelve months after the reporting period other than for (a ) above, or



- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

#### 2.4. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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.

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company categorizes assets and liabilities measured at fair value into one of three levels as follows:

- Level 1 — Quoted (unadjusted)

This hierarchy includes financial instruments measured using quoted prices.

- Level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include the following:

- a) quoted prices for similar assets or liabilities in active markets.
- b) quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) inputs other than quoted prices that are observable for the asset or liability.
- d) Market – corroborated inputs.

- Level 3

They are un-observable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

#### 2.5. Investments in subsidiaries, associates and joint ventures

The Company records the investments in subsidiaries, associates and joint ventures at cost.

When the Company issues financial guarantees on behalf of subsidiaries, initially it measures the financial guarantees at their fair values and subsequently measures at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

The Company records the initial fair value of financial guarantee as deemed investment with a corresponding liability recorded as deferred revenue. Such deemed investment is added to the carrying amount of investment in subsidiaries.





Deferred revenue is recognized in the Statement of Profit and Loss over the remaining period of financial guarantee issued.

## 2.6. Non-current assets held for sale

Non-current assets and disposal group classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

## 2.7. Property Plant and Equipment

Property, Plant and Equipment (PPE) and intangible assets are not depreciated or amortized once classified as held for sale.

Freehold Land is carried at the actual cost. All other items of PPE are stated at actual cost less accumulated depreciation and impairment loss. Actual cost is inclusive of freight, installation cost, duties, taxes and other incidental expenses for bringing the asset to its working conditions for its intended use (net of eligible input taxes) and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Management. It includes professional fees and borrowing costs for qualifying assets.

Significant Parts of an item of PPE (including major inspections) having different useful lives & material value or other factors are accounted for as separate components. All other repairs and maintenance costs are recognized in the statement of profit and loss as incurred. Depreciation of these PPE commences when the assets are ready for their intended use.

Depreciation is provided for on Buildings (including buildings taken on lease) and Plant & Machinery on straight line method and on other PPE on written down value method on the basis of useful life. On assets acquired on lease (including improvements to the leasehold premises), amortization has been provided for on Straight Line Method over the period of lease.

The estimated useful lives and residual values are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.

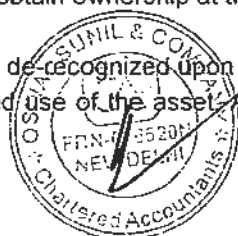
Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

The useful life of property, plant and equipment are as follows:-

Asset Class	Useful Life
Freehold Buildings	Office Building : 60 years Factory Building : 30 years
Leasehold Improvements	Over the period of lease
Plant & Machinery	7.5 - 15 years
Furniture & Fixtures	10 years
Electrical Installations	10 years
Computers	3 - 6 years
Office Equipments	5 years
Vehicles	8 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or over the shorter of the assets useful life and the lease term if there is an uncertainty that the company will obtain ownership at the end of the lease term.

An item of PPE is de-recognized 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



PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

## 2.8. Intangible Assets

### **a. Intangible assets:**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible asset arising from development activity is recognised at cost on demonstration of its technical feasibility, the intention and ability of the Company to complete, use or sell it, only if, it is probable that the asset would generate future economic benefit and to use or sell of the asset, adequate resources to complete the development are available and the expenditure attributable to the said assets during its development can be measured reliably.

An item of Intangible assets 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 Intangible assets are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

**Research cost:** Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate all the following: -

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell of the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on straight line basis over the period of expected future benefit, i.e. the estimated useful life of the intangible asset. Amortisation expense is recognised in the statement of profit and loss.

During the period of development, the asset is tested for impairment annually

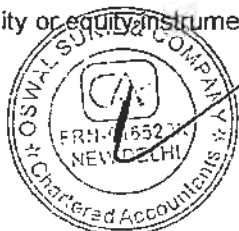
**Amortization periods and methods:** Intangible assets are amortised on straight line basis over their estimated useful lives ranging between 2-5 years.

### **b. Intangible assets under development**

All costs incurred in development, are initially capitalized as Intangible assets under development - till the time these are either transferred to Intangible Assets on completion or expensed off as Product Development Cost (including allocated depreciation) as and when determined of no further use.

## 2.9. 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



## 2.9.1. Financial assets

### ***Initial recognition and measurement***

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame are recognized on the trade date, i.e., the date that The Company commits to purchase or sell the asset.

### ***Subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in following categories based on business model of the entity:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### **Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the 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.

### **Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, The Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### **Debt instrument at FVTPL**

Any debt instrument, that does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L



### **Equity investments**

All equity investments are measured at fair value. 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.

If 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. This amount is not recycled from OCI to P & L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### **De-recognition**

A financial asset is de-recognized only when

- > The Company has transferred the rights to receive cash flows from the financial asset or
- > retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of Impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under Ind AS 17
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115
- e) Loan commitments which are not measured as at FVTPL
- f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L).

### **2.9.2. Financial liabilities**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.



#### ***Initial recognition and measurement***

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

#### ***Subsequent measurement***

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

#### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

#### **Financial guarantee contracts**

Financial guarantee contracts are recognised 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 requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

#### **Derecognition**

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

### **2.10. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.



A previously recognized impairment loss (except for goodwill) is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to the carrying amount of the asset.

#### **2.11. Inventories**

Inventories are valued at the lower of cost or net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **2.12. Revenue recognition**

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that company expects to receive in exchange for those products or services.

The Company presents revenues net of indirect taxes in its statement of Profit and loss.

Interest income is recognised as interest accrues using the effective interest method ("EIR") that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

#### **2.13. Leases**

##### ***As a lessee***

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

##### ***As a lessor***

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

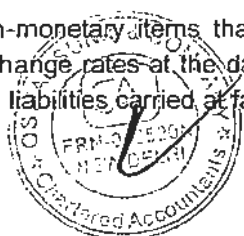
#### **2.14. Foreign currency transactions**

The functional currency of the Company is Indian Rupees which represents the currency of the economic environment in which it operates.

Transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currency at the year end and not covered under forward exchange contracts are translated at the functional currency spot rate of exchange at the reporting date.

Any income or expense on account of exchange difference between the date of transaction and on settlement or on translation is recognized in the Statement of profit and loss as income or expense.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation difference on such assets and liabilities carried at fair value are reported as part of fair value gain or loss.





Effective April 1, 2018 the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of 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 effect on account of adoption of this amendment was insignificant.

#### **2.15. Employee Benefits**

##### **Short term employee benefits:-**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

##### **Long-Term employee benefits**

Compensated expenses which are not expected to occur within twelve months after the end of period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

#### **2.16. Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **2.17. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, 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.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

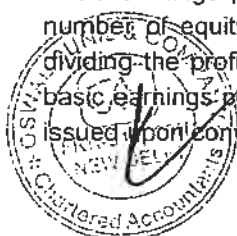
Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

#### **2.18. Cash Flow Statement**

Cash flows are reported using the indirect method. The cash flows from operating, investing and financing activities of the Company are segregated.

#### **2.19. Earnings per share**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.



## 2.20. Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Standalone Financial Statement. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

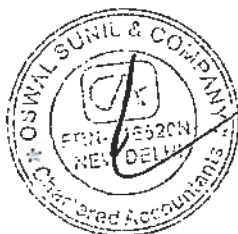
The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Dividend distribution tax paid on the dividends is recognized consistently with the presentation of the transaction that creates the income tax consequence.



HFCL ADVANCE SYSTEMS PRIVATE LIMITED

Notes to Financial Statements for the year ended March 31, 2019

(All amounts are in Rs.)

3 Current Financial Assets - Cash & cash equivalents (In Rupees)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash and Cash Equivalents Balance with banks;	44,818	51,984
<b>Total</b>	<b>44,818</b>	<b>51,984</b>

4 (a) Equity Share Capital

(i) Authorised Share Capital

Particulars	No of Shares	Amount
As at April 1, 2017	1,00,000	10,00,000
Increase during the year	-	-
As at March 31, 2018	1,00,000	10,00,000
Increase during the year	-	-
As at March 31, 2019	1,00,000	10,00,000

(ii) Shares issued, subscribed and fully paid-up

Particulars	No of shares	Equity Share Capital par value
As at April 1, 2017	10,000	1,00,000
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
As at March 31, 2018	10,000	1,00,000
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
As at March 31, 2019	10,000	1,00,000

(iii) Shareholders holding more than 5 percent of Equity Shares

Name of Shareholder	As at March 31, 2019	As at March 31, 2018
	No. of share held	No. of share held
Himachal Futuristic Communications Limited (Holding Company) - alongwith its nominee	10,000	10,000
% of Holding	100.00%	100.00%

(iv) Terms/right attached to Equity Shares -

The Company has issued equity share of Rs.10/- each. On a show of hands, every holder of equity shares is entitled for one vote and upon a poll shall have voting rights in proportion to the shares of the paid up capital of the Company held by them. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount in proportion to their shareholdings.

4 (b) Other Equity

Particulars	As at March 31, 2019	As at March 31, 2018
Retained Earnings	(3,48,561)	(2,49,679)
	<b>(3,48,561)</b>	<b>(2,49,679)</b>

(i) Retained Earnings

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	(2,49,679)	(1,41,779)
Net profit for the period	(98,882)	(1,07,900)
Items of Other Comprehensive Income recognised directly in Retained Earnings		
Remeasurement of Defined benefit plans	-	-
Equity Instruments measured at Fair value	-	-
<b>Closing Balance</b>	<b>(3,48,561)</b>	<b>(2,49,679)</b>



**HFCL ADVANCE SYSTEMS PRIVATE LIMITED**

Notes to Financial Statements for the year ended March 31, 2019

(All amounts are in Rs.)

**5 Other Current Liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Other Current Liabilities Expenses Paybles	2,93,378	2,01,662
<b>Total</b>	<b>2,93,378</b>	<b>2,01,662</b>

**6 Finance costs**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Finance Costs: Bank Charges	118	1,840
	<b>118</b>	<b>1,840</b>

**7 Other expenses**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rent	70,800	70,800
Auditors' Remuneration	23,600	29,500
Office and General Expenses	2,764	4,160
Filing Fees	1,600	1,600
<b>Total</b>	<b>98,764</b>	<b>1,06,060</b>

**8 Earning per Share (EPS)- In accordance with the Indian Accounting Standard (Ind AS-33)**

Particulars	year ended March 31, 2019	Year ended March 31, 2018
<b>Basic &amp; Diluted Earnings per share</b>	<b>Rs.</b>	<b>Rs.</b>
Profit /(Loss) after tax	(98,882)	(1,07,900)
Weighted average number of ordinary shares (used as denominator for calculating basic EPS)	10,000	10,000
Weighted average number of ordinary shares (used as denominator for calculating diluted EPS)	10,000	10,000
Nominal value of ordinary share	Rs.10	Rs.10
Earnings per share basic	(9.89)	(10.79)
Earnings per share diluted	(9.89)	(10.79)





9 Critical accounting estimates and judgments

The preparation of restated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgments are:

1. Estimation of contingent liabilities refer Note 11.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

10 Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows :

There are no Micro, Small enterprise to whom the Company owes dues, which are outstanding for more than forty five days as at 31st March, 2019. The identification of Micro, Small enterprises and information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company.

Particulars	As at March 31, 2019	As at March 31, 2018
a. Principal amount due	Nil	Nil
Interest due on above	Nil	Nil
b. Interest paid during the period beyond the appointed day	Nil	Nil
c. Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	Nil	Nil
d. Amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil
e. Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprises for the purpose of disallowance as a deductible expenditure under Sec.23 of the Act	Nil	Nil

11 Commitments and Contingencies

(a) Contingent Liabilities not provided for in respect of :

	As at March 31, 2019 (Rs)	As at March 31, 2018 (Rs)
(i) Unexpired Letters of Credit	Nil	Nil
(ii) Guarantees given by banks on behalf of the Company	Nil	Nil
(iii) Claims against the Company towards sales tax, income tax and others in dispute not acknowledged as debt	Nil	Nil

(a) The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position.

(b) The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.

(c) As at 31st March, 2019 the Company did not have any outstanding term derivative contracts.

(b) Capital Commitments

	As at March 31, 2019 (Rs)	As at March 31, 2018 (Rs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	Nil	Nil

12 Deferred Tax

The Company does not have any item resulting into timing differences as at March 31, 2019 and therefore no provision for deferred tax is required.

13 Related Party Disclosure:

A) Related Party Disclosure, as identified by the Management

Related Parties where Control exists:

Himachal Futuristic Communications Limited (Holding Company)

Key Management Personnel:

Shri Mahendra Nahata, Director

Dr. Ranjit Mal Kastia, Director

Shri Yogeshwar Lal Agarwal, Director

B) Transactions with Related Parties

Name of the Party	Description	Volume of transactions during the year	Amount Payable as at 31.03.2019
Himachal Futuristic Communications Limited	Payment of Rent	60,000/-	1,98,278/-

14 In the opinion of the Board, Current Assets and Loans and Advances are of the value stated, if realized in the Ordinary course of business.

15 Financial risk management objectives and policies

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

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Management Of Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.



	Notes Nos.	Carrying amount	Less than 12 months	More than 12 months
As at March 31, 2019 Other liabilities	5	2,93,378	2,93,378	-
As at March 31, 2018 Other liabilities	5	2,01,662	2,01,662	-

#### Capital management

Capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

Particulars	As at March 31, 2019	As at March 31, 2018
Borrowings	-	-
Redeemable preference shares	-	-
Trade Payables	-	-
Other Payables (Note 5)	2,93,378	2,01,662
Less : Cash and Cash equivalents (Note 3)	44,818	51,984
Deposits	-	-
<b>Total Debt</b>	<b>2,48,561</b>	<b>1,49,679</b>
Convertible preference shares	-	-
Equity	(2,48,561)	(1,49,679)
<b>Total Capital</b>	<b>(2,48,561)</b>	<b>(1,49,679)</b>
Capital and Total debt	-	-
Gearing ratio	-	0.00%

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

#### 16 Financial Instruments by category

Particulars	Mar-19			Mar-18		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>1) Financial Assets</b>						
I) Investments	-	-	-	-	-	-
II) Trade receivables	-	-	-	-	-	-
III) Cash and Cash equivalents	-	-	44,818	-	-	51,984
IV) Other Bank balances	-	-	-	-	-	-
V) Security deposit for utilities and pre	-	-	-	-	-	-
VI) Other receivables	-	-	-	-	-	-
<b>Total financial assets</b>	-	-	<b>44,818</b>	-	-	<b>51,984</b>
<b>2) Financial liabilities</b>						
I) Borrowings	-	-	-	-	-	-
II) Obligations under Finance Lease	-	-	-	-	-	-
III) Deposits	-	-	-	-	-	-
IV) Trade payables	-	-	-	-	-	-
V) Other liabilities	-	-	2,93,378	-	-	2,01,662
<b>Total Financial liabilities</b>	-	-	<b>2,93,378</b>	-	-	<b>2,01,662</b>

#### 17 Significant estimates :

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of the changes to these assumptions.

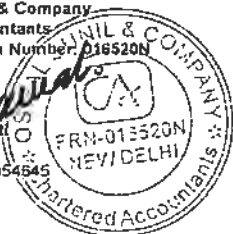
18 The Company's net worth has eroded, however, having regard to financial support from its promoters including proposed fresh infusion of equity share capital, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

19 Previous years figures have been regrouped/reclassified wherever necessary.

As per our report of even date attached  
For Oswal Sunil & Company  
Chartered Accountants  
Firm Registration Number: 016520N

CA Sunil Anand  
Partner  
Membership No: 054545

Place : New Delhi  
Date : 14-05-2019



For and on behalf of the Board

*R. Kastia*  
Dr. R. M. Kastia  
Director  
DIN : 00053059

*Y. L. Agarwal*  
Y. L. Agarwal  
Director  
DIN : 00024770