



# C. R. SAGDEO & CO.

## CHARTERED ACCOUNTANTS

Independent Auditor's Report

To the members of SMS TOLLS & DEVELOPERS LIMITED

### Report on the Ind AS Financial statements

We have audited the accompanying Ind AS financial statements of **SMS TOLLS and DEVELOPERS LIMITED** which comprise the Balance Sheet as at 31 March 2017, Statement of Profit & Loss (including Other Comprehensive Income), 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 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, financial performance including other comprehensive income, cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with relevant rules there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.



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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 2017, its profit including other comprehensive income, its cash flows and the 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"), as amended, issued by the Central Government of India in terms of sub – section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash flow statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;



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- d) In our opinion, the aforesaid Ind AS financial statements comply with the accounting standard specified under Section 133 of the Act, read with the companies (Indian Accounting Standards) Rules, 2015 as amended;
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) In our opinion and to the best of our information and according to the explanations given to us, there are no significant matters which are not routine in nature and have an adverse effect on the functioning of the Company.
- g) With respect to the adequacy of the internal financial controls of the company and the operating effectiveness of such control, refer to our separate Report in "Annexure B".
- h) 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 explanations given to us:
- (i) The Company has disclosed impact of all pending litigations on its financial position in its Ind AS financial statements in the significant accounting policies and Notes.
  - (ii) The Company has made adequate provision, as required under the applicable laws or Indian accounting standards, for material foreseeable losses, if any, on long term contracts and does not have any derivate contracts for which there were any material foreseeable losses as on balance sheet date.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - (iv) The Company has provided requisite disclosures in the Ind AS financial statements as to holding as well as dealing in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.



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**CHARTERED ACCOUNTANTS**

**Other matters**

The comparative financial information of the Company for the year ended 31<sup>st</sup> March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 audited by us whose report for the year ended 31<sup>st</sup> March 2016 and 31<sup>st</sup> March 2015 dated 31<sup>st</sup> August 2016 and 19<sup>th</sup> August 2015 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

**For,**  
**C. R. Sagdeo & Co.**  
**Chartered Accountants,**  
**F. R. N. 108959W**

**CA. Suman Bose**  
**Partner**  
**Membership No. 045239**  
**Place: Nagpur**  
**Date: 26<sup>th</sup> Sept 2017**



**C. R. SAGDEO & CO.**  
**CHARTERED ACCOUNTANTS**

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

**Referred to in paragraph under the heading "Report on Other Legal & Regulatory Requirements" of our report of even date to the financial statements of SMS Tolls and Developers Ltd for the year ended 31<sup>st</sup> March 2017**

- (1) According to the information and representations given to us, the Company does not own any Fixed Assets, therefore the Para 3 (i) of the Companies (Auditor's Report) Order 2015 does not apply to the company.
- (2) According to the information and representations given to us, the Company does not own any Inventory, therefore the Para 3 (ii) of the Companies (Auditor's Report) Order 2015 does not apply to the company.
- (3) According to the information and representations given to us, the company has not granted Loans, secured or unsecured, to companies, firms, LLP's or other parties covered in the register maintained under Section 189 of the Companies Act, 2013; therefore the Para 3 (iii) of the Companies (Auditor's Report) Order 2015 does not apply to the company.
- (4) According to the information and representation given to us, the Company has not made any loans, investments, guarantees and security to which the provisions of section 185 and 186 of Companies Act, 2013 apply, and therefore the Para 3 (iv) of the Companies (Auditor's Report) Order 2015 does not apply to the company.
- (5) According to the information and representations given to us, the Company has not accepted any deposit attracting the provision of section 73 to 76 of Companies Act 2013 or against the directives of Reserve Bank of India.
- (6) According to the information and representations given to us, the Company is not required to maintain Cost Records as specified by Central Government u/s 148 of the Companies Act, 2013 and therefore the Para 3 (vi) of the Companies (Auditor's Report) Order 2015 does not apply to the company.
- (7) (a) In respect of statutory dues, according to the records and information given, dues in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added tax, Cess and any other statutory dues have been regularly deposited with appropriate authorities, and there are no undisputed amounts outstanding as on 31.03.2017 for a period of more than six months from the date they became payable.



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- (b) According to the information and representations given to us, there are no disputed statutory dues in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax as on 31.03.2017.
- (8) According to the information and representations given to us, the company has not defaulted in the repayment of dues to Banks and financial institutions during the financial year.
- (9) According to information and representations given to us, the company has not raised any money through further public offer.
- (10) According to the information and representations given to us, there was no case of fraud reported by or against the company during the year.
- (11) According to the information and representations given to us, the Company has not paid or provided any managerial remuneration during the year.
- (12) According to the information and representations given to us, the Company is not a Nidhi Company and therefore Para 3 (xii) of the Companies (Auditor's Report) Order 2015 does not apply to the company.
- (13) According to the information and explanations, all the transactions with related parties are in compliance with section 188 of the Companies Act, 2013. The Company is not a listed company thus section 177 is not applicable.
- (14) According to the information and explanation, the Company has not made any preferential allotment of shares or private placement of share or convertible debentures.
- (15) As per the information and representations given to us, the Company has not entered into any non-cash transactions with the directors or person connected with him as mentioned in section 192 of the Companies Act 2013.
- (16) The Company is not required to register u/s 45-IA of Reserve Bank of India Act, 1934 as financing is not the main business of the company.

**For C.R. Sagdeo & Co.**  
**Chartered Accountants**  
**Firm Regn. No. 108959W**

**CA. Suman Bose**  
**Partner**  
**Mem. No. 045239**

**Date: 26th Sept 2017**  
**Place: Nagpur**



**ANNEXTURE B TO THE INDEPENDENT AUDITOR'S REPORT**

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

We have audited the internal financial controls over financial reporting of **SMS Tolls and Developers Ltd.** ("The Company") as of March 31, 2017 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, based on the internal controls 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 Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For C.R. Sagdeo & Co.**  
**Chartered Accountants**  
**Firm Regn. No. 108959W**

**CA. Suman Bose**  
**Partner**  
**Mem. No. 045239**

**Date: 26<sup>th</sup> Sept 2017**

**Place: Nagpur**



Particulars	Notes	As at 31 March 2017 ₹	As at 31 March 2016 ₹	As at 1 April 2015 ₹
<b>Assets</b>				
<b>1 Non-current assets</b>				
a) Property, plant and equipment		-	-	-
b) Investment property		-	-	-
c) Other Intangible assets		-	-	-
d) Intangible assets under development		-	-	-
e) Financial assets		-	-	-
1) Investments	3	4.99	4.99	4.99
2) Loans		-	-	-
f) Deferred tax assets (net)	4	135.64	148.49	148.32
<b>Total Non-current assets</b>		<b>140.63</b>	<b>153.48</b>	<b>153.31</b>
<b>2 Current assets</b>				
a) Financial assets		-	-	-
1) Investments	5	-	10,918.12	10,918.12
2) Trade receivables		-	-	-
3) Cash and cash equivalent	6	1.25	1.11	1.20
4) Loans	7	158.66	148.09	-
b) Other Current Asset	8	7.50	48.64	45.04
Assets classified as held for Sale		-	-	-
<b>Total current assets</b>		<b>167.41</b>	<b>11,115.96</b>	<b>10,964.35</b>
<b>Total assets</b>		<b>308.04</b>	<b>11,269.45</b>	<b>11,117.67</b>
<b>Equity and liabilities</b>				
<b>1 Equity</b>				
a) Equity Share Capital	9	5.00	5.00	5.00
b) Other Equity	10	25.10	22.18	22.57
<b>Total equity</b>		<b>30.10</b>	<b>27.18</b>	<b>27.57</b>
<b>Non-current liabilities</b>				
a) Financial Liabilities		-	-	-
1) Borrowings	11	-	-	10,770.00
2) Other financial liabilities		-	-	-
b) Provisions		-	-	-
c) Deferred tax liabilities (net)		-	-	-
<b>Total Non-current liabilities</b>		<b>-</b>	<b>-</b>	<b>10,770.00</b>
<b>2 Current liabilities</b>				
a) Financial Liabilities		-	-	-
1) Borrowings	11	277.37	323.57	38.63
2) Trade payables		-	-	-
3) Other Financial liabilities	12	0.53	10,918.64	281.47
b) Other Current Liability	13	0.05	0.05	-
<b>Total Current liabilities</b>		<b>277.95</b>	<b>11,242.27</b>	<b>320.10</b>
<b>Total equity and liabilities</b>		<b>308.04</b>	<b>11,269.45</b>	<b>11,117.67</b>

Significant Accounting Policies

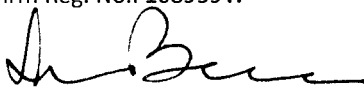
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Notes 3 to 18 form an integral part of the standalone financial statement.

This is the Balance Sheet referred to in our audit report of even date.

For C. R. Sagdeo & Co.  
Chartered Accountants  
Firm Reg. No.: 108959W

For and on behalf of the Board of Directors



CA. Suman Bose  
Partner  
Membership No.- 045239  
Place : Nagpur  
Date: 26th September, 2017



Dilip B. Surana  
Director  
DIN:00953495

Anand S. Sancheti  
Director  
DIN:00953362

SMS Tolls and Developers Limited  
Statement of Profit and Loss for the period ended 31 March 2017

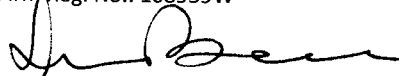
(₹ in Lakhs)

Particulars	Notes	As at 31 March 2017 ₹	As at 31 March 2016 ₹
<b>Continuing operations</b>			
Revenue from operations		-	-
Other income	14	13.65	0.10
<b>Total income</b>		13.65	0.10
<b>Expenses</b>			
Employee benefits expense		-	-
Depreciation and amortization expense		-	-
Finance costs	15	0.00	0.01
Other expenses	16	0.65	0.64
<b>Total expense</b>		0.66	0.66
<b>Profit/(loss) before share of (profit)/loss of an associate and a joint venture, exceptional items and tax from continuing operations</b>		13.00	(0.56)
Profit/(loss) before exceptional items and tax from continuing operations		13.00	(0.56)
<b>Profit/(loss) before tax from continuing operations</b>		13.00	(0.56)
(1) Current tax		(2.77)	-
(2) Adjustment of tax relating to earlier periods		-	-
(3) Deferred tax		12.85	(0.17)
<b>Income tax expense</b>		10.08	(0.17)
<b>Profit for the year from continuing operations</b>		2.92	(0.39)
<b>Discontinued operations</b>			
Profit/(loss) before tax for the year from discontinued operations		-	-
Tax Income/ (expense) of discontinued operations		-	-
<b>Profit/ (loss) for the year from discontinued operations</b>		-	-
<b>Profit/(loss) for the year</b>		2.92	(0.39)
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss in subsequent periods:</b>			
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>			
Income tax effect		-	-
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		-	-
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive income for the year, net of tax attributable to:</b>		2.92	(0.39)
Earnings per equity share (Face Value of ₹ 10)	17		
a) Basic (in ₹)		5.84	(0.77)
b) Diluted (in ₹)			
This is the statement of Profit & loss referred in our audit report of even date			

For C. R. Sagdeo & Co.

Chartered Accountants

Firm Reg. No.: 108959W



CA. Suman Bose

Partner

Membership No.- 045239

Place : Nagpur

Date: 26th September, 2017

For and on behalf of the Board of Directors



Dilip B. Surana

Director

DIN:00953495

Anand S. Sancheti

Director

DIN:00953362

SMS Tolls and Developers Limited  
Cash Flow Statement for the year ended 31 March 2017

(₹ in Lakhs)

Particulars	Notes	As at 31 March 2017 ₹	As at 31 March 2016 ₹
<b>Cash flow from operating activities</b>			
Profit before tax from continuing operations		13.00	(0.56)
Profit before tax		13.00	(0.56)
Non-cash adjustment to reconcile profit before tax to net cash flows			
Interest income	14	13.65	0.10
Operating profit before working capital changes		(0.66)	(0.66)
<b>Movements in working capital :</b>			
Increase/(decrease) in trade payables			
Increase/(decrease) in other current liabilities		(10,918.12)	10,637.22
Decrease / (increase) in short-term loans and advances		41.14	-
Decrease / (increase) in other current assets			-
Cash generated from /(used in) operations		(10,877.64)	10,637.22
Direct taxes paid		2.77	-
IT Refund Received		-	-
<b>Net cash flow from/ (used in) operating activities (A)</b>		<b>(10,874.86)</b>	<b>10,637.22</b>
<b>Cash flow from investing activities</b>			
Purchase of Non-current investments		-	-
Purchase of fixed assets, including intangible assets, CWIP and capital advances		-	-
Proceeds of non-current investments		10,918.12	-
Purchase of current investments		-	-
Proceeds from sale/maturity of current investments		-	(3.61)
long-term loans and advances		(10.57)	(148.09)
Interest received	14	13.65	0.10
Dividends received			
<b>Net cash flow from/(used in) investing activities (B)</b>		<b>10,921.20</b>	<b>(151.60)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of share capital		-	-
Proceeds from long-term borrowings		-	-
Repayment of long-term borrowings		(46.20)	(10,485.05)
Interest paid		-	-
Dividends paid on equity shares		-	-
<b>Net cash flow from/(used in) in financing activities (C)</b>		<b>(46.20)</b>	<b>(10,485.05)</b>
Net increase/(decrease) in cash and cash equivalents (A + B + C)		0.14	(0.09)
Effect of exchange differences on cash & cash equivalents held in foreign currency		-	-
Cash and cash equivalents at the beginning of the year		1.11	1.20
<b>Cash and cash equivalents at the end of the year</b>		<b>1.25</b>	<b>1.11</b>
<b>Components of cash and cash equivalent</b>			
Cash on hand	6	0.93	0.92
With banks- on current account	6	0.32	0.19
<b>Total cash and cash equivalents</b>		<b>1.25</b>	<b>1.11</b>

As per our report of even date  
For C. R. Sagdeo & Co.  
Chartered Accountants  
Firm Reg. No.: 108959W



CA. Suman Bose  
Partner  
Membership No.- 045239  
Place : Nagpur  
Date: 26th September, 2017

For and on behalf of the Board of Directors



Dilip B. Surana  
Director  
DIN:00953495

Anand S. Sancheti  
Director  
DIN:00953362

SMS Tolls and Developers Limited  
Statement of changes in equity for the year ended 31 March 2017

A. EQUITY SHARE CAPITAL	
As at 1 April 2015	5,00,000.00
Changes in equity share capital	-
As at 31 March 2016	5,00,000.00
Changes in equity share capital	-
As at 31 March 2017	5,00,000.00

B. OTHER EQUITY

(₹ in Lakhs)

	Attributable to the equity holders (in Lakhs) Reserves and Surplus				Items of OCI		Total Equity
	Share premium	Capital reserve	Retained earnings	FVTOCI reserve	Foreign currency translation reserve	Asset revaluation reserve	
As at 1 April 2015		-	22.57		-	-	22.57
Profit for the period	-	-	(0.39)	-	-	-	(0.39)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	22.18	-	-	-	22.18
Interim Dividend paid	-	-					
As at 31 March 2016	-	-	22.18	-	-	-	22.18
Profit for the period	-	-	2.92	-	-	-	2.92
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-					
Interim Dividend paid	-	-					
As at 31 March 2017	-	-	25.10	-	-	-	25.10

This is the statement of change in equity referred to in our report of even date

For C. R. Sagdeo & Co.

Chartered Accountants

Firm Reg. No.: 108959 W



CA. Suman Bose

Partner

Membership No.- 045239

Place : Nagpur

Date: 26th September, 2017

For and on behalf of the Board of Directors



Dilip B. Surana

Director

DIN:00953495

Anand S. Sancheti

Director

DIN:00953362

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS AS AT 31<sup>st</sup>  
MARCH 2017**

**2. Significant Accounting Policies and Key Accounting Estimates and Judgments**

**2.1 Basis of preparation of Financial Statements**

These financial statements are the separate financial statements of the Company (also called standalone financial statements) prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The financial statements for the year ended 31 March 2017 are the first year the Company has prepared in accordance with Ind AS and are covered by Ind AS 101, first-time adoption of Indian Accounting Standards. For all periods up to and including the year ended 31 March 2016, 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 (Indian GAAP). The transition to IndAS has been carried out from the accounting principles generally accepted in India ("Indian GAAP") which is considered as the "Previous GAAP" for purposes of Ind AS 101.

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, 2015 being the date of transition to Ind AS.

For all periods up to and including the year ended 31st March, 2016, the Company had prepared its financial statements in accordance with Accounting Standards notified under the Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). Detailed explanation on how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, financial performance and cash flows is given.

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements



## **II. Current / Non Current Classification**

Any asset or liability is classified as current if it satisfies any of the following conditions:

- I. the asset/liability is expected to be realized/settled in the Company's normal operating cycle;
- II. the asset is intended for sale or consumption;
- III. the asset/liability is held primarily for the purpose of trading
- IV. the asset/liability is expected to be realized/settled within twelve months after the reporting period;
- V. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- VI. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

### **2.2 Summary of Significant accounting policies**

#### **a) Revenue**

Interest on loans given is charged on accrual basis at mutually agreed terms and conditions. Dividend Income is recognized when the right to received dividend is established.

#### **b) Foreign Currency Transaction**

##### **Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of transaction.

##### **Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transactions. Non-monetary items which are measured at fair value or other similar valuation denominated in a foreign currency are translated using the exchange rate at the date when such value was determined.



### **Exchange Differences**

All resulting exchange differences are recognized in the Profit and Loss Account.

### **c) Provisions and Contingencies**

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated. When a Company expects provision to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

### **d) Taxes On Income**

#### **Current Income Tax**

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.

#### **Deferred Income Tax**

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 Balance Sheet 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 Balance Sheet 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. 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 realise the asset and settle the liability simultaneously

### **e) Investments:**

Long Term investments are stated at cost. A provision for diminution in value is made to recognize a decline other than temporary, in the value of long term investments.

Current investments are stated at lower of cost unless otherwise there is permanent diminution in the investment

### **f) Cash and Cash Equivalents**

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances

**g) Borrowing Cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

**h) Financial instrument**

**Financial Assets**

**Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in case of financial assets not recorded at fair value through profit and loss, transaction cost that are attributable to the acquisition of the financial assets, which are not at fair value through profit and loss are added to fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit and loss are expensed in statement of profit and loss.

Subsequent measurement

**Financial assets at amortized cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at fair value through other comprehensive income .

Financial assets are measured at fair value through other comprehensive income .

if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in statement of profit and loss.

**De-recognition of Financial Assets**

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.





The carrying value and fair value of financial instruments by categories as at 31/3/2017

Particulars	Refer note	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Assets:						
Investments		4.99	-		4.99	4.99
Others Current assets		7.50	-	-	7.50	7.50
Cash and cash equivalents		0.93	-	-	0.93	0.93
Other bank balances		0.32	-	-	0.32	0.32
Liabilities:						
Borrowings		277.37	-	-	277.37	277.37
Other financial liabilities		0.53	-	-	0.53	0.53

The carrying value and fair value of financial instruments as 31/3/2016

Particulars	Refer note	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Assets:						
Investments		4.99	-		4.99	4.99
Others financial assets		48.64			48.64	48.64
Cash and cash equivalents		0.92	-	-	0.92	0.92
Other bank balances		0.19			0.19	0.19
Liabilities:						
Borrowings		323.57	-	-	323.57	323.57
Other financial liabilities		10,918.64	-	-	10,918.64	10,918.64

A handwritten signature in black ink is written over a faint circular stamp. The signature appears to be 'A' or similar. The stamp is mostly illegible but seems to contain some text around the perimeter.

