# MODULEX MODULAR BUIDLINGS PRIVATE LIMITED

## FINANCIAL STATEMENTS

## 2018-2019

MODULEX MODULAR BUILDINGS PRIVATE LIMITED
CIN : U45400KL2008PTC029096
BALANCE SHEET AS ON MARCH 31, 2019

(Amount in INR)

| Particulars | Notes | AS AT March 31, 2019 | AS AT March 31, 2018 | AS AT April 01, 2017 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 3 | 3,16,59,195 | 3,23,16,967 | 3,31,52,733 |
| Capital work in progress | 4 | 26,52,51,396 | 16,03,81,406 | 7,37,12,623 |
| Financial assets: | | | | |
| Investments | 5 | 99,990 | 99,990 | 99,990 |
| Loans | 6 | 1,27,06,573 | - | - |
| Other non - current Assets | 7 | - | 50,000 | 75,00,000 |
| | | 30,97,17,154 | 19,28,48,363 | 11,44,65,346 |
| **Current assets** | | | | |
| Financial assets: | | | | |
| Cash and cash equivalents | 8 | 3,46,994 | 7,68,96,712 | 26,38,525 |
| Loans | 9 | 4,04,20,870 | 2,66,18,344 | 3,26,99,917 |
| Other financial assets | 10 | 3,90,416 | 3,20,000 | 10,24,070 |
| Current tax assets (net) | 11 | 3,93,898 | 3,29,685 | 1,11,628 |
| Other current assets | 12 | 8,27,01,593 | 1,58,66,720 | 16,63,627 |
| | | 12,42,53,771 | 12,00,31,460 | 3,81,37,767 |
| | | 43,39,70,925 | 31,28,79,823 | 15,26,03,113 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | 13 | 69,36,39,341 | 46,70,26,801 | 27,59,16,618 |
| Other equity | 14 | (36,24,81,374) | (27,59,25,121) | (22,09,02,341) |
| | | 33,11,57,967 | 19,11,01,680 | 5,50,14,277 |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial Liabilities: | | | | |
| Borrowings | 15 | 53,34,061 | 7,57,877 | 11,45,054 |
| Provisions | 16 | 5,15,352 | 3,53,705 | 2,83,504 |
| Deferred liabilities assets (net) | | - | - | - |
| | | 58,49,413 | 11,11,582 | 14,28,558 |
| **Current Liabilities** | | | | |
| Financial liabilities: | | | | |
| Borrowings | 17 | 7,92,360 | 3,84,041 | 3,45,591 |
| Other financial liabilities | 18 | 7,50,77,741 | 11,11,33,897 | 9,55,85,693 |
| Other current liabilities | 19 | 2,08,41,801 | 89,60,649 | 1,02,969 |
| Provisions | 20 | 2,51,644 | 1,87,974 | 1,26,024 |
| | | 9,69,63,546 | 12,06,66,561 | 9,61,60,277 |
| | | 43,39,70,925 | 31,28,79,823 | 15,26,03,113 |

Significant Accounting Policies 2

**The accompanying notes form an integral part of these financial statements.**

As per our attached report of even date

**As per our report of even date**
**C N K & Associates LLP**
Chartered Accountants
Firm Regd. No.: 101961 W/W-100036

**Manish Sampat**
Partner
Membership No. 101684
Place : Mumbai
Date : 28-05-2019

CNK & ASSOCIATES LLP CHARTERED ACCOUNTANTS MUMBAI

**For and on behalf of the Board of Directors of**
**Modulex Modular Buildings Private Limited**

**Suchit Punnose**
Directors
DIN - 02184524
Place : London
Date : 28-05-2019

**Ajay Palekar**
Directors
DIN - 2708940
Place : Mumbai
Date : 28-05-2019

MODULEX MODULAR BUILDINGS PVT LTD INDAPUR 413132

MODULEX MODULAR BUILDINGS PRIVATE LIMITED
CIN : U45400KL2008PTC029096
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in INR)

| Particulars | Notes | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| **INCOME** | | | |
| Other income | 21 | 62,91,250 | 28,94,710 |
| **TOTAL INCOME (I)** | | 62,91,250 | 28,94,710 |
| **EXPENSES** | | | |
| Employee benefits expenses | 22 | 96,28,120 | 3,15,306 |
| Finance costs | 23 | 6,59,693 | 1,54,612 |
| Depreciation | 24 | 4,66,198 | 5,96,478 |
| Other expenses | 25 | 6,40,41,063 | 4,74,69,128 |
| **TOTAL EXPENSES (II)** | | 7,47,95,074 | 4,85,35,523 |
| **Profit before tax** | | (6,85,03,824) | (4,56,40,813) |
| **Tax expense** | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| **Profit for the year** | | (6,85,03,824) | (4,56,40,813) |
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurement of the defined benefit plans (Net) | | (50,744) | 23,487 |
| **Other comprehensive income for the year (net of tax)** | | (50,744) | 23,487 |
| **Total comprehensive income for the year (net of tax)** | | (6,85,54,568) | (4,56,17,326) |
| **Earning per Equity Shares Face value of Rs 10 each** (Basic and Diluted EPS) | 26 | (1.14) | (2.59) |

Significant Accounting Policies 2

**The accompanying notes form an integral part of these financial statements.**

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MODULEX MODULAR BUILDINGS PVT. LTD. INDAPUR 413132

MODULEX MODULAR BUILDINGS PRIVATE LIMITED

CIN : U45400KL2008PTC029096

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(Amount in INR)

| | Particulars | | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|---|
| A) | **Cash Flow from Operating Activities :** | | | |
| | Net Profit / (Loss ) Before Tax | | (6,85,03,824) | (4,56,40,813) |
| | Adjustments for Non-Cash and Non-Operating Items : | | | |
| | Depreciation and Amortisation | | 4,66,198 | 5,96,478 |
| | Impairment of Capital work in progress | | - | 3,81,10,451 |
| | Expenses towards issue of shares | | (1,89,62,500) | (1,03,36,800) |
| | Remeasurements of net defined benefit plans | | (50,744) | 23,487 |
| | Net Loss/ (gain) on fair valuation of Loans/Borrowing | | 39,45,589 | 17,98,224 |
| | Interest expenses | | 1,16,092 | 1,39,193 |
| | Interest Income | | (62,84,943) | (28,91,160) |
| | **Cash Flow before Changes in Working Capital** | | **(8,92,74,132)** | **(1,82,00,941)** |
| | Movement in working capital: | | | |
| | Decrease/ (Increase) in trade receivables and others | | (6,87,49,289) | (1,16,55,022) |
| | Increase / (Decrease) in trade payables and others | | (2,39,49,687) | 2,45,38,035 |
| | **Net Cash Generated from Operating Activities** | | **(18,19,73,109)** | **(53,17,928)** |
| | Income Tax paid (Net of Refund) | | (64,213) | (2,18,057) |
| | **Net Cash Flow from Operating Activities** | (A) | **(18,20,37,322)** | **(55,35,985)** |
| B) | **Cash Flow from Investing Activities:** | | | |
| | Dividend Received | | - | - |
| | Interest received on Fixed Deposits and Others | | 64,214 | - |
| | Loan given during the year | | (3,16,57,393) | (1,90,20,537) |
| | Loan given repaid during the year | | 69,11,881 | 2,43,51,046 |
| | Purchase of Fixed Assets Including CWIP (Net of Capital advances) | | (10,46,28,416) | (11,11,64,356) |
| | **Net Cash Used In Investing Activities** | (B) | **(12,93,09,714)** | **(10,58,33,847)** |
| C) | **Cash Flow from Financing Activities:** | | | |
| | Issue of share Capital (Including Security Premium) | | 22,66,12,540 | 18,51,84,593 |
| | Share Application money pending for allotment | | 9,60,815 | 9,31,346 |
| | Repayment of Term loan | | (10,07,610) | (3,48,727) |
| | Loan taken from Related parties | | 83,35,000 | - |
| | Interest Paid | | (1,03,426) | (1,39,193) |
| | **Net Cash Flow From Financing Activities -** | (C) | **23,47,97,319** | **18,56,28,019** |
| | **Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)** | | **(7,65,49,717)** | **7,42,58,187** |
| | **Reconciliation of Cash and Cash Equivalents with the Balance Sheet** | | | |
| | Cash & Cash Equivalent at the beginning of the year | | 7,68,96,712 | 26,38,525 |
| | Cash & Cash Equivalent at the end of the year | | 3,46,994 | 7,68,96,712 |
| | **Net Increase/ (Decrease) in Cash** | | **(7,65,49,717)** | **7,42,58,187** |

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MODULEX MODULAR BUILDINGS PVT. LTD. INDAPUR 413132

MODULEX MODULAR BUILDINGS PRIVATE LIMITED

CIN : U45400KL2008PTC029096

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

*(Amount in INR)*

a) **Amendment to Ind AS 7**

The amendments to Ind AS 7 Cash flow Statements requires the entities to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between, the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from April 1, 2017 and required disclosure is made below. There is no other impact on the financial statements due to this amendments.

| **Particulars** | **Amount** |
|---|---|
| As at March 31, 2018 | **11,41,918** |
| Cash Inflow (Net) | 73,27,390 |
| Gain or Loss on Fair value of Borrowing | (23,55,553) |
| Interest on borrowing | 12,666 |
| As at March 31, 2019 | **61,26,421** |

b) The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard ("Ind AS 7") Statement of Cash Flows.

**As per our report of even date**
**C N K & Associates LLP**
Chartered Accountants
Firm Reg No: 101961W/W-100036

**Manish Sampat**
Partner
Membership No. 101684
Place : Mumbai
Date : 28-05-2019

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MODULEX MODULAR BUILDINGS PVT. LTD. INDAPUR 413132

**Note 1 BACKGROUND AND PRINCIPAL ACTIVITIES.**

Modulex Modular Buildings ('the Company') was incorporated on September 23, 2008 as a private limited company under the Companies Act, 1956 registered with the Registrar of Companies Maharashtra. It has its Registered office in Cochin, Kerala.

The main object of the Company is to deal in the business of production, building, supplying, fabricating and manufacturing modular steel buildings. Currently the company is implementing its project, near Pune, Maharashtra.

**Note 2.1 SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS:**

**(a) Basis of accounting and 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.

For all periods up to and including the year ended March 31, 2018, 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 ('Indian GAAP'). These financial statements are the Company's first Ind AS financial statements. 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 under Note 36.

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.

Company's financial statements are presented in Indian Rupees (Rs.), which is also its functional currency.

The financial statements are authorised for issue in accordance with a resolution of the Board of Directors in its meeting held on May 28, 2019.

**(b) Current / Non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in the Schedule III to the Companies Act 2013. Based on the nature of services provided by the company and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has identified its operating cycle as twelve months for the purpose of current/non-current classification of assets and liabilities.

**(c) Cash Flow Statements**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**(d) Property, Plant and Equipment**

Measurement at recognition:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life.

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs in nature of repairs and maintenance are recognised in profit or loss as and when incurred.

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Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate prospectively.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year.

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

Depreciation:

Depreciation is provided as per the Written Down Value Method on all PPE at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013. The Company depreciates its property, plant and equipment (PPE) over the useful life in the manner prescribed in Schedule II to the Act. Management believes that useful life of assets are same as those prescribed in Schedule II to the Act.

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the period of the lease.

Transition to Ind AS:

Carrying value as deemed cost for property plant & equipment:

On transition to Ind AS, the Company has elected to consider the carrying value of all its property, plant and equipment appearing in the financial statements as per previous GAAP (Indian GAAP)and used the same as deemed cost in the opening Ind AS Balance sheet prepared on April 01, 2017.

**(e) Capital work in progress and Capital advances:**

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Capital work in progress is stated at cost, net of impairment losses, if any.

Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Current Assets.

Expenditure on Projects in CWIP

Expenditure directly relating to construction phase is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent it is related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to Statement of Profit and Loss. Any incidental income arising directly in relation to the project is reduced from the project cost.

**(f) Impairment of Non Financial Assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortization and assets representing investments in subsidiary and associate companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

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 CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where 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.

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

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Impairment losses, if any, are recognized in the Statement of Profit and Loss and included in depreciation and amortization expense. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

**(g) Revenue Recognition**

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Group performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from sale of products and services are recognised at a time on which the performance obligation is satisfied.

**The company is under the process of establishing its business and hence no revenue is generated during the year of audit.**

Interest Income

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

When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

**(h) 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.

**I. Financial assets**

- Initial recognition and measurement:

The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss ("FVTPL"), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

- Subsequent measurement:

Subsequent measurement is determined with reference to the classification of the respective financial assets. Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, the Company classifies its financial assets subsequently in following categories:

- financial assets measured at amortized cost (AC)
- financial assets measured at fair value through other comprehensive income (FVTOCI)
- financial assets measured at fair value through profit or loss (FVTPL)

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- Financial assets measured at amortized cost (AC)

  A financial asset is measured at the amortized cost if both the following conditions are met:

  a. The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
  b. 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.

  This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company.

  After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

  The amortized cost of a financial asset is also adjusted for loss allowance, if any.

- Financial assets measured at fair value through other comprehensive income (FVTOCI)

  A financial asset is measured at FVTOCI if both of the following conditions are met:

  a. The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
  b. 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 measured at fair value through profit or loss (FVTPL)

  A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI. This is a residual category applied to all other investments of the Company . Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

- Equity instruments:

  All equity investments within the scope of Ind-AS 109 are measured at fair value. Such equity instruments which are held for trading are classified as FVTPL. For all other such equity instruments, the Company decides to classify the same either as FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

  For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income. Dividends on such equity instruments are recognised in the Statement of Profit or Loss.

  Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

- Derecognition:

  A financial asset (or, where applicable, a part of a financial asset ) is derecognized when any of the following occurs:

  a. The rights to receive cash flows from the asset have expired or
  b. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
  c. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.
  d. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

  On Derecognition of a financial asset, (except as mentioned in below in a) & b) for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

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a) Derecognition of Financial assets measured at FVOCI

Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss.

b) Derecognition of Equity Instrument measured at FVOCI

Company may choose to measure certain investments in equity instruments at FVTOCI through an irrevocable election at initial recognition. The Company makes such an election on instrument to instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss when the right to receive payment is established, it is probable that the economic benefits will flow to the Company and the amount can be measured reliably.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

- Impairment of financial assets:

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

ii. Financial Liabilities

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

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Subsequent measurement

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method. Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition:
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(i) Fair Value
The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the Principal market for assets or Liabilities or
- In the absence of a Principal market, in the most advantageous market for the assets or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(j) **Foreign Currency Transactions**
Initial Recognition
On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. 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 is measured.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of profit and loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

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(k) Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:
Current Tax is the amount of tax payable on taxable profit for the year determined in accordance with the applicable tax rates and provisions of the Income Tax Act, 1961 and other applicable tax laws. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Deferred tax:
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Presentation of current and deferred tax:
Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(l) **Cash and Cash Equivalents**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments net of bank overdrafts which are repayable on demand as these form an integral part of the Company's cash management.

(m) **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 recognised 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.

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**Post-Employment Benefits:**

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company has no obligation, other than the contribution payable to the above mentioned funds. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

Defined benefit plan

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/superannuation.The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. The gratuity fund has been approved by respective IT authorities.

The Company's liability towards this benefit is determined on the basis of actuarial valuation using Projected Unit Credit Method at the date of balance sheet.

Re-measurement of defined benefit plans comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset)in respect of post-employment are charged to the Other Comprehensive Income.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability/(asset) are recognized in the Statement of Profit and Loss. The Company presents the above liability/(asset) as current and non-current in the balance sheet as per actuarial valuation by the independent actuary.

(n) **Lease accounting**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term unless:

a. another systematic basis is more representative of the time pattern in which the benefit is derived from the leased asset; or
b. the payments to the lessor are structured to increase in the line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(o) **Borrowing Cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.Borrowing costs 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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

(p) **Research and Development**

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and acquired intangible assets utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, plant and equipment and Intangible Assets.

(q) **Earnings Per Share**

Basic earnings per share are calculated by dividing the profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period.

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For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

(r) **Impairment of Non Financial Assets**
Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortization and other assets are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. Reversal of impairment losses recognized in the prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

(s) **Provisions**
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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(t) **Contingent Liabilities and Contingent assets**

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each balance sheet date.

(t) **Recent accounting pronouncements**
In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying new standards and amendments to certain issued standards. These amendments are applicable to the Company from 1st April, 2019. The Company will be adopting the below stated new standards and applicable amendments from their respective effective date.

a) **Ind AS 116**
Ind AS 116 will replace the existing leases standard, Ind AS 17, Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value.

Currently, operating lease expenses are charged to the Statement of Profit and Loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116 which might have significant impact on key profit & loss and balance sheet ratio i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc.

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b) **Appendix C, Uncertainty over Income Tax Treatment to Ind AS 12, Income Taxes:**

The Appendix clarifies how to apply the recognition and measurement principles while recognizing current tax, deferred tax, taxable profits (losses), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over tax treatments under Ind AS 12. As per the Appendix, the Company needs to assess whether it is probable that a tax authority will accept an uncertain tax treatment used or a treatment which is being proposed to be used in its income tax filings. The Appendix will be applied retrospectively with the cumulative effect of its initial application on the opening balance sheet as on 1st April 2019.

The impact of the Appendix on the Financial Statements, as assessed by the Company, is expected to be not material.

c) **Amendment to Ind AS 12, Income Taxes:**

The amendment clarifies that an entity shall recognize income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company will apply these amendments for annual reporting periods beginning on or after 1st April 2019.The impact of the Appendix on the Financial Statements, as assessed by the Company, is expected to be not material.

Note 2.2 **Key accounting estimates and judgements**

The preparation of the Company's Financial Statements requires the management to make judgements, estimates and assumptions which by definition will seldom equal the actual results.Management also need to exercise judgement in applying the Company's accounting policies. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. These are described below:

a) **Income taxes**

Significant judgements are involved in estimating advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

b) **Property, plant and quipment**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

c) **Impairment of CWIP**

Assets that are subject to depreciation and amortization and other assets are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

d) **Defined Benefit Obligation**

The costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with IND AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.

d) **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

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| Note - 3<br>Property, plant and equipment | Landhold Lease | Computer | Vehicles | Plant and equipments | Office equipments | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|---|
| As at 01.04.2017 | | | | | | | |
| Gross Block | 3,36,42,000 | 3,33,355 | 53,84,881 | | 8,40,188 | 5,06,250 | 4,07,06,674 |
| Accumulated Depreciation | 22,31,263 | 2,69,280 | 39,92,203 | | 7,01,086 | 3,60,109 | 75,53,941 |
| **Deemed Cost as at 01.04.2017*** | **3,14,10,737** | **64,075** | **13,92,678** | - | **1,39,102** | **1,46,141** | 3,31,52,733 |
| Additions | | | | | 99,778 | 3,600 | 1,03,378 |
| Disposals | - | - | - | - | - | - | - |
| **As at 31.03.2018** | **3,14,10,737** | **64,075** | **13,92,678** | - | **2,38,880** | **1,49,741** | **3,32,56,111** |
| Additions | - | 1,05,458 | - | - | 41,896 | | 1,47,354 |
| Disposals | - | - | - | | - | - | - |
| **As at 31.03.2019** | **3,14,10,737** | **1,69,533** | **13,92,678** | - | **2,80,776** | **1,49,741** | **3,34,03,465** |
| **Accumulated Depreciation** | | | | | | | |
| **As at 01.04.2017*** | - | - | - | - | - | - | - |
| Additions | 3,42,666 | 32,424 | 4,52,120 | | 72,127 | 39,807 | 9,39,144 |
| Disposals | - | - | - | - | - | - | - |
| **As at 31.03.2018** | **3,42,666** | **32,424** | **4,52,120** | - | **72,127** | **39,807** | **9,39,144** |
| Additions | 3,38,928 | 52,664 | 3,04,826 | - | 79,094 | 29,614 | 8,05,126 |
| Disposals | - | - | - | - | - | - | - |
| **As at 31.03.2019** | **6,81,594** | **85,088** | **7,56,946** | - | **1,51,221** | **69,421** | **17,44,270** |
| | | | | | | | |
| **Net Block** | | | | | | | |
| **As at 01.04.2017*** | **3,14,10,737** | **64,075** | **13,92,678** | - | **1,39,102** | **1,46,141** | **3,31,52,733** |
| **As at 31.03.2018** | **3,10,68,071** | **31,651** | **9,40,558** | - | **1,66,753** | **1,09,934** | **3,23,16,967** |
| **As at 31.03.2019** | **3,07,29,143** | **84,445** | **6,35,732** | - | **1,29,555** | **80,320** | **3,16,59,195** |

<u>Note - 4</u>

<u>Capital Work in Progress (CWIP)</u>

| | | | |
|---|---|---|---|
| **Balance as beginning of the year** | 16,03,81,406 | 7,37,12,623 | 7,37,12,623 |
| Direct cost of construction | 10,17,40,813 | 7,63,31,443 | - |
| Indirect cost of constructions | - | 3,81,10,450 | |
| Amortization Expenses on Lease hold land | 3,38,928 | 3,42,666 | |
| Finance cost | 90,249 | 1,30,06,050 | - |
| Net Other expenses (net of income earned on funds) | 27,00,000 | (30,11,375) | - |
| Impairment of indirect cost of constructions [Refer Note -iii below and Note 24) | | (3,81,10,450) | |
| | **26,52,51,396** | **16,03,81,406** | **7,37,12,623** |

**Note-i**

The Company has elected to consider the carrying value of all its items of property, plant and equipment and intangible assets recognised in the financial statements prepared under Previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**Note-ii**

Capital work in progress (CWIP) includes expenses that are being incurred by the company over the past years on developing the Manufacturing Facility ("Project") at MIDC Indapur,Pune.

Expenditure directly relating to construction phase is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent it is related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to Statement of Profit and Loss. Any incidental income arising directly in relation to the project is reduced from the project cost.

Due to financials and other regulatory constraints, there has been continuous delay in completion and implementation of the project. Due to this, there has been delay in commencement of commercial operations of the company. However, the company plans to continue with the project once all the required financial tie ups are in place and other regulatory formalities are completed.

In view of these delays in completetion of the project, the management has carried out impairment testing on the project cost included in capital-work-in progress.

Assets that are subject to depreciation and amortization are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The Company has assessed 'recoverable amount' of Project cost. Fair value less cost to disposal is the best estimate of the amount recoverable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

**Note-iii**

Based on the impairment carried out by the management as on the date of transition (i.e. 01/04/2017), an impairment loss of Rs.9,01,33,129 was recognised in Retained Earnings. Further, impairment loss was recognised during F.Y. 2017-18 in the Statement of Profit and Loss amounting to Rs. 3,81,10,450 based on the impairment testing carried out by the management.

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5 Investments (Non Current)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| A. Investment in Subsidiaries | | | |
| Unquoted | | | |
| i. Equity instruments at cost<br>Give Vinduet Windows and Doors Private Limited<br>9,999 (As at 31 March 2018: 9,999) (As at 1st April 2017: 9,999)<br>Equity shares of Rs. 10, fully paid up | 99,990 | 99,990 | 99,990 |
| | 99,990 | 99,990 | 99,990 |

Note:
The subsidiary company has a negative net worth and accumulated losses. However the management of the company is confident that this investment would not require any impairment since the business of the subsidiary company is dependent upon the business of Modulex Modular Buildings Private Limited (i.e. holding company).
Due to delay in completion and implementation of the manufacturing facility project of the holding company, there has been delay in commencement of commercial operations of the company. However, once the commercial operations are started in Modulex Modular Buildings Private Limited, there will be huge business opportunities for subsidiary company and the subsidiary company will be able to recover all of its losses.

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| B. Investment in Companies where control exists (director is interested) | | | |
| Unquoted | | | |
| At amortised cost | | | |
| Investments in preference shares (fully paid up)* | | | |
| Eco Hotels India Private Limited<br>23,00,000 (As at 31 March 2018: 23,00,000 )<br>Preference Share of Rs.10 /- each | - | 2,30,00,000 | - |
| Less :- Provision for diminution in value of investments # | | (2,30,00,000) | |
| Investment in Debentures<br>Eco Hotels India Private Limited<br>Nil (As at 31 March 2018: Nil) (As at 1st April 2017: 18,20,000)<br>12.5% Debenture of Rs.10/- each | - | - | 1,82,00,000 |
| Less: Provision for diminution in value of investments # | - | - | (1,82,00,000) |
| Eco Hotels India Private Limited<br>Nil (As at 31 March 2018: Nil) (As at 1st April 2017: 4,80,000)<br>15% Debenture of Rs.10/- each | - | - | 48,00,000 |
| Less: Provision for diminution in value of investments # | - | - | (48,00,000) |
| | - | - | - |
| Aggregate amount of unquoted investments | - | 2,30,00,000 | 2,30,00,000 |
| Aggregate amount of impairment in the value of investment | - | (2,30,00,000) | (2,30,00,000) |

Notes:
*Terms of Preference Shares:
The Preference Share are issued for term of 3 years with redemption option which can be exercised after 6 months from the date of issue and this are issued without coupon.

* As at March 31, 2018, management has considered Eco Hotels India Private Limited has accumalated losses and the erosion of its net worth indicate an impairment in the carrying value of the investment. Accordingly, the management has carried out an impairment assessment and has estimated a provision of Rs. 2,30,00,000/- as a diminution in the carrying value of its investment.

# On the date of transition i.e. April 01, 2017, management has carried out an impairment assessment after considering the fact that Eco Hotels India Private Limited has accumalated losses and its net worth has been fully eroded which indicate an impairment in the carrying value of the investment.

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6 Loan (Non Current)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| (Unsecured, considered good unless otherwise stated) | | | |
| At amortised cost | | | |
| Loan to related parties (net of fair value adjustment) | 1,27,06,573 | - | - |
| | 1,27,06,573 | - | - |

Note :- Loan to related party inclues loan to Eco Hotels Private Limited of Rs.1,41,10,000/- and to Modulex Constructions Technology Limited (Parent Company) of Rs. 25,49,880/- As per the loan agreement dated May 05, 2018 between MMBPL and EHPL and loan agreement dated May 23, 2018 between MMBPL and MCTL. Management is of the opinion that no impairment is required to be provided and confident that amount will be recovered from EHPL and MCTL as per the loan agreement between the companies.

7 Other Non - Current Assets

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Capital advance | - | 50,000 | 75,00,000 |
| Current Tax Assets (net) | - | - | - |
| | - | 50,000 | 75,00,000 |

8 Cash And Cash Equivalents

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Cash on hand | 1,17,416 | 2,887 | 1,91,609 |
| Balance with bank: | | | |
| - In current accounts | 2,29,579 | 7,68,93,825 | 24,46,916 |
| | 3,46,994 | 7,68,96,712 | 26,38,525 |

9 Loans (Current)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| (Unsecured, considered good unless otherwise stated) | | | |
| Advance to related parties | 3,99,68,824 | 2,59,36,107 | 3,23,88,882 |
| Advance to employees | 4,52,046 | 6,82,237 | 3,11,035 |
| | 4,04,20,870 | 2,66,18,344 | 3,26,99,917 |

10 Other financial assets

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| (Unsecured, considered good unless otherwise stated) | | | |
| Security deposit | 3,90,416 | 3,20,000 | 7,35,000 |
| Other receivable | - | - | 2,89,070 |
| | 3,90,416 | 3,20,000 | 10,24,070 |

11 Current tax assets (net)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Current Tax Assets (net) | 3,93,898 | 3,29,685 | 1,11,628 |
| | 3,93,898 | 3,29,685 | 1,11,628 |

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12 Other current assets

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| **(Unsecured, considered good unless otherwise stated)** | | | |
| Balances with government authorities | 4,65,55,179 | 1,36,66,711 | - |
| Prepaid expenses | 44,441 | 66,118 | 14,36,120 |
| Advance to vendors | 3,57,32,580 | - | 2,27,507 |
| Other receivable | 3,69,393 | 21,33,891 | - |
| | **8,27,01,593** | **1,58,66,720** | **16,63,627** |

Note:

a) Balances with government authorities includes input tax credit on GST for financial year 2017-18 and 2018-19. However same is not netted of against GST Liabilities since company is yet to make payment and file returns and Hence set off is subject to regulatory compliances. Till that time management is confident of full set off/recovery of above mentioned duties. Therefore considered as fully recoverable in financial statement and it also includes IGST input tax credit on reverse charge basis of Rs. 71,99,260/- which will be availed in the month of payment of IGST Liability on reverse charge basis.

b) **Advance to vendor inclues**

As per agreement between Moulex Modular Building Plc and Modulex Modular Building Private Limited dated July 1, 2017 , Master Franchies Fess paid to Modulex Modular Building Plc is Rs. 3,57,32,580/- since Company has not started any operations, payment towards Licence Fees/Royalty payment is treated as advance given to the vendors.

13 Share capital

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | | As at April 01, 2017 | |
|---|---|---|---|---|---|---|
| | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount |
| <u>Authorised :</u> | | | | | | |
| Equity shares of Rs. 10/- each | 7,25,00,000 | 72,50,00,000 | 6,60,00,000 | 66,00,00,000 | 1,70,00,000 | 17,00,00,000 |
| Preference shares of Rs.10/- each | - | - | - | - | 1,55,00,000 | 15,50,00,000 |
| 15% Cumulative convertible preference shares (CCCPS) of Rs.10/- each | - | - | 15,00,000 | 1,50,00,000 | - | - |
| 15% Cumulative convertible redeemable preference shares (CCRPS) of Rs. 10/- each | - | - | 50,00,000 | 5,00,00,000 | - | - |
| | 7,25,00,000 | 72,50,00,000 | 7,25,00,000 | 72,50,00,000 | 3,25,00,000 | 32,50,00,000 |
| <u>Issued, Subscribed and Paid-up capital:</u> | | | | | | |
| Equity shares of Rs. 10/- each | 6,93,55,567 | 69,35,55,670 | 4,63,34,313 | 46,33,43,130 | 1,56,53,679 | 15,65,36,790 |
| <u>Issued, Subscribed and Partly paid up:</u> | | | | | | |
| Equity shares of Rs. 10/- each. Rs.0.10 partly paid per share | 8,36,710 | 83,671 | 8,36,710 | 83,671 | 90,500 | 9,050 |
| | 7,01,92,277 | 69,36,39,341 | 4,71,71,023 | 46,34,26,801 | 1,57,44,179 | 15,65,45,840 |
| <u>Instruments entirely equity in Nature</u> | | | | | | |
| 15% Compulsory Convertible Cumulative Preference Shares (CCCPS) of Rs. 10/- each | - | - | - | - | 12,50,000 | 2,46,20,778 |
| 15 % Compulsorily Convertible Debentures | - | - | 3,60,000 | 36,00,000 | 94,75,000 | 9,47,50,000 |
| | - | - | 3,60,000 | 36,00,000 | 1,07,25,000 | 11,93,70,778 |
| | **7,01,92,277** | **69,36,39,341** | **4,75,31,023** | **46,70,26,801** | **2,64,69,179** | **27,59,16,618** |

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a) Reconciliation of the number of Equity shares outstanding

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | | As at April 01, 2017 | |
|---|---|---|---|---|---|---|
| | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount |
| **Equity shares of Rs.10/- each(fully paid-up):** | | | | | | |
| Number of shares at the beginning of the year | 4,63,34,313 | 46,33,43,130 | 1,56,53,679 | 15,65,36,790 | 1,50,53,679 | 15,05,36,790 |
| **Add:** | | | | | | |
| Fresh issue of fully paid up shares | 2,30,21,254 | 23,02,12,540 | 1,49,50,000 | 14,95,00,000 | 6,00,000 | 60,00,000 |
| Conversion of debentures including interest into equity shares | - | - | 96,80,633 | 9,68,06,330 | - | - |
| Conversion of prefrence shares into equity shares | - | - | 60,50,001 | 6,05,00,010 | - | - |
| Conversion of partly paid up shares into fully paid up | - | - | | | | |
| **Equity shares of Rs.10/- each (partly paid-up):** | | | | | | |
| Number of shares at the beginning of the year | 8,36,710 | 83,671 | 90,500 | 9,050 | 90,500 | 9,050 |
| **Add:** | | | | | | |
| Issue of partly paid up shares (Rs.0.10 paid up) | - | - | 7,46,210 | 74,621 | - | - |
| Number of shares at the end of the year | 7,01,92,277 | 69,36,39,341 | 4,71,71,023 | 46,34,26,801 | 1,57,44,179 | 15,65,45,840 |
| | - | - | | | | |

b) Reconciliation of the number of Preference shares outstanding

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | | As at April 01, 2017 | |
|---|---|---|---|---|---|---|
| | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount |
| 15% CCCPS of Rs. 10/- each (Class II): | | | | | | |
| Number of shares at the beginning of the year | - | - | 12,50,000 | 1,25,00,000 | 12,50,000 | 1,25,00,000 |
| **Add:** Fresh issue of shares | - | - | - | - | - | - |
| **Less:** Redemption of shares | - | - | - | - | - | - |
| **Less:** Conversion to equity shares | - | - | 12,50,000 | 1,25,00,000 | - | - |
| **Add:** Accumulated arrear dividend (Refer note-18) | - | - | - | - | - | 1,21,20,778 |
| Number of shares at the end of the year | - | - | - | - | 12,50,000 | 2,46,20,778 |

**Rights of the shareholders:**

c) **Terms/ Rights attached to equity shares**

i) The Company has only one class of equity shares of Rs. 10/- each. These shares rank pari passu with each other and in accordance with the Articles of Association of the Company. Each equity shareholder is entitled to the same rights as regards voting, dividend and repayment of capital in proportion to his shareholding and there are no restrictions to the rights of shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets after distribution of all preferential amounts. The distribution assets of the company will be in proportion to the number of equity shares held by the shareholders after preferential allocation.

**Preference shareholders:**

ii) The Company had two categories of preference shares of Rs. 10/- each:

a/ 15% CCRPs of Rs.10/- each (Class I)
b/ 15% CCCPs of Rs.10/- each (Class II)

*Original terms of payment of dividend*

Both the above catagories of preference shares enjoy priority over equity shares with respect to payment of dividend and repayment of Capital. In the event where equity dividend for any financial year exceeds 15%, such preference shares have the right to participate fully, on a participatory basis in the surplus of profits. The quantum of such dividend shall be determined on a pro rata basis as though the Preference Shares were fully converted as Equity shares.

a) 15% CCRPS of Rs.10/- each (Class I)

For rights, preferences and restrictions attached to 15% Cumulative convertible redeemable preference shares of Rs. 10 each, classified as financial liability, see Note-18.

b/ 15% CCCPS of Rs.10/- each (Class II)

15% Compulsory Convertible Cumulative Preference Shares (CCCPs) were issued for a term of 3 years and required to compulsorily converted to equity shares as per the terms of offer approved by the Board of Directors as on conversion date. However by virtue of no objections letters received from CCCPS holders, the option of conversion was rescheduled by Board of Directors from time to time. During FY 2017-18, the company converted the outstanding CCCPS into Equity shares of face value Rs.10/- each at par.

Conversion schedule

| Type of preference shares | No. of Shares | Par Value | Date of Allotment | Date of Conversion |
|---|---|---|---|---|
| 15% CCPs | -<br>(5,00,000) | -<br>(50,00,000) | -<br>(10-Jun-11) | -<br>(1-Apr-17) |
| 15% CCPs | -<br>(2,20,000) | -<br>(22,00,000) | -<br>(15-Apr-13) | -<br>(15-Apr-17) |
| 15% CCPs | -<br>(5,30,000) | -<br>(53,00,000) | -<br>(10-Jun-13) | -<br>(10-Jun-17) |
| Figures in bracket reflects the previous year's figures | | | | |

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d) Details of shareholders holding more than 5% shares in Company

| Name of Shareholders | As at March 31, 2019 | | As at March 31, 2018 | | As at April 01, 2017 | |
|---|---|---|---|---|---|---|
| | No. of Shares | (%) | No. of Shares | (%) | No. of Shares | (%) |
| **Equity shares of Rs.10/- each** | | | - | - | - | - |
| Modulex Constructions Technology Limited | 5,51,81,095 | 78.61% | 1,31,18,979 | 27.81% | 1,31,18,979 | 83.33% |
| RedRibbon Modulex Building Limited, Mauritius | - | - | 73,00,000 | 15.48% | - | - |
| Providence Educational Academy Pvt. Ltd. | - | - | 45,00,000 | 9.54% | - | - |
| Synthite Industries Ltd | - | - | 40,00,000 | 8.48% | - | - |
| Ethix Realtors Private Limited | - | - | 23,84,702 | 5.06% | 23,84,700 | 15.15% |
| Suchit Punnose | - | - | | | | |
| **15% CCPs of Rs. 10/- each (Class II):** | | | | | | |
| Mrs. Shiby Mathew | - | - | - | - | 5,00,000 | 40.00% |
| Mr. Naresh Nagpal | - | - | - | - | 7,50,000 | 60.00% |

e) Other details of share capital for the immediate preceding five years

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | | As at April 01, 2017 | |
|---|---|---|---|---|---|---|
| | No. of Shares | Face Value (Rs.) | No. of Shares | Face Value (Rs.) | No. of Shares | Face Value (Rs.) |
| Aggregate number of shares allotted as fully paid up for consideration other than cash (Refer Below Table) | 81,70,000 | 10 | 1,57,30,634 | 10 | - | - |
| Aggregate number of bonus shares allotted (capitalization of free reserves) | - | - | - | - | - | - |
| Aggregate number of fully paid equity shares allotted under Employees' stock option plan | - | - | - | - | - | - |
| Aggregate number of fully paid equity share bought back | - | - | - | - | - | - |

| Name of party | Nature of Expenses | Amount | Shares |
|---|---|---|---|
| Reward Constructions Private Limited* | Mobilisation Expenses (CWIP) | 6,00,00,000 | 60,00,000 |
| Sandeep khurana | Legal & Professional Services | 18,80,000 | 1,88,000 |
| Premnath Pasriche | Legal & Professional Services | 16,20,000 | 1,62,000 |
| Ajay shridhar Palekar | Legal & Professional Services | 30,00,000 | 3,00,000 |
| Thomas Joseph | Legal & Professional Services | 2,00,000 | 20,000 |
| Devendra D Angal | Legal & Professional Services | 5,00,000 | 50,000 |
| Thomas Samuel | Legal & Professional Services | 20,00,000 | 2,00,000 |
| Gopinath Developers LLP | Business Promotion Expenses | 1,25,00,000 | 12,50,000 |
| | Total | 8,17,00,000 | 81,70,000 |

* The Company has issued shares against the dues payable to the vendor based on the mutual informal understanding. However, written confirmation for the dues outstanding as also the confirmation to settle the dues through equity shares of the company is awaited

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14 Other equity

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Retained Earnings | | | |
| Balance as per the last financial statements | (27,69,56,675) | (22,09,79,062) | (22,09,79,062) |
| Add: Profit/ (loss) for the year | (6,85,03,824) | (4,56,40,813) | - |
| Less Share issue expenses | (1,89,62,500) | (1,03,36,800) | - |
| | (36,44,22,999) | (27,69,56,675) | (22,09,79,062) |
| Other Comprehensive Income (OCI) | | | |
| As per last Balance Sheet | 23,487 | - | - |
| Add: Movement in OCI(Net) during the year | (50,744) | 23,487 | - |
| | (27,257) | 23,487 | - |
| Call in Advance | 19,68,882 | 10,08,067 | 76,721 |
| | (36,24,81,374) | (27,59,25,121) | (22,09,02,341) |

15 Borrowings (Non-current)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Loan on Vehicle | 4,10,206 | 7,57,877 | 11,45,054 |
| Unsecured Loan | | | |
| - From related Parties (Net of fair value adjustment) | 49,23,855 | - | - |
| | 53,34,061 | 7,57,877 | 11,45,054 |

Note : Loan from related parties inclues loan from Give Vidute Windows Private Limited(Subsidiary Company) of Rs.73,70,000 as per loan agreement dated Februrary 17, 2019 between Modulex Modular Building Private Limited and Give Vidute Windows Private Limited.

16 Provisions (Non-current)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Provision for Employee benefits (Non-funded) | | | |
| - Provision for gratuity | 5,15,352 | 3,53,705 | 2,83,504 |
| | 5,15,352 | 3,53,705 | 2,83,504 |

17 Borrowings (Current)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Current Maturities - Long Term Debts | 4,27,360 | 3,84,041 | 3,45,591 |
| Loan from Directors | 3,65,000 | - | - |
| | 7,92,360 | 3,84,041 | 3,45,591 |

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18 Other financial liabilities

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Security deposits | 50,000 | 50,000 | 1,29,719 |
| Salary, Wages and Bonus payable | 4,88,605 | 1,05,181 | 2,42,644 |
| Expenses payable (Refer Note below) | 1,58,74,561 | 5,20,44,881 | 6,69,523 |
| Dividend arrear liability on preference shares (Liability) | 5,86,64,575 | 5,86,64,575 | 9,45,43,807 |
| Interest accured on debentures | - | 2,69,260 | - |
| | 7,50,77,741 | 11,11,33,897 | 9,55,85,693 |

Note : During the year company has issued 60,00,000 equity shares to Reward Constructions Private Limited against services and expenses payables includes Rs.40,54,488/- payable to Reward Constructions Private Limited.

19 Other current liabilities

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Advance received from customer (Related party) | 70,32,386 | 70,32,386 | - |
| Statutory Dues Payable | 1,38,09,415 | 19,28,263 | 1,02,969 |
| | 2,08,41,801 | 89,60,649 | 1,02,969 |

20 Provisions (Current)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Provision for Employee benefits (Non-funded) | | | |
| - Provision for gratuity | 2,51,644 | 1,87,974 | 1,26,024 |
| | 2,51,644 | 1,87,974 | 1,26,024 |

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21 Other income

| Particulars | For the year ended | For the year ended |
|---|---|---|
| Interest income on loans * | 62,84,943 | 28,91,160 |
| Interest income on It Refund | - | 3,550 |
| Discount Received | 6,307 | - |
| | 62,91,250 | 28,94,710 |

Note:
The company is under the process of establishing its business and hence no revenue is generated during the year of audit.

Due to financials and other regulatory constraints, there has been continuous delay in completion and implementation of the project. Due to this, there has been delay in commencement of commercial operations of the company. However, the company plans to continue with the project once all the required financial tie ups are in place and other regulatory formalities are completed.

*It included interest income recognised due to fair valulation of financial assets

22 Employee benefits expenses

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Salary, wages and bonus etc. | 43,53,238 | 62,000 |
| Director remuneration | 50,00,000 | - |
| Staff welfare expenses. | 1,00,309 | 97,668 |
| Gratuity Expenses(Refer note 28) | 1,74,573 | 1,55,638 |
| | 96,28,120 | 3,15,306 |

Note : Board of directors have approved the limit of payment of directors remuneration to suchit punnose of Rs.50,00,000 in the board meeting held on April 07, 2018.

23 Finance costs

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Interest on borrowing from bank | 1,02,248 | 1,39,193 |
| Interest on borrowing from related party* | 13,844 | - |
| Bank Charges | 5,43,601 | 15,419 |
| | 6,59,693 | 1,54,612 |

*It included interest expenses recognised due to fair valulation of financial liabilities

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24 Depreciation

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Depreciation on tangible assets | 4,66,198 | 5,96,478 |
| | 4,66,198 | 5,96,478 |

25 Other expenses

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Legal and Professional Fees * | 1,80,65,216 | 34,86,392 |
| Advertisement, marketing & business promotion expenses * | 1,80,97,876 | 11,480 |
| Travelling & conveyance expenses | 55,44,841 | - |
| Impairment of Capital work in progress (Refer Note iii of Note 4) | - | 3,81,10,451 |
| Loss on Fair Value of Loans/Borrowings | 39,45,589 | 17,98,224 |
| Rent, rates & taxes | 40,07,644 | 1,75,802 |
| TDS Expenses | 28,20,000 | - |
| Interest on tds | 39,533 | 3,551 |
| ROC & Filing Fees | 32,63,092 | 5,00,000 |
| Auditors's Remunaration | | |
| -Audit fees | 18,00,000 | 9,00,000 |
| -For other matters | 11,96,500 | 12,14,060 |
| Recruitment Service | 25,20,946 | - |
| Hotel & lodging expenses | 7,78,814 | 5,07,099 |
| Repairs & maintenance | 5,48,877 | 4,65,433 |
| Security Charges | 6,29,200 | - |
| Printing & stationery expenses | 1,01,714 | 1,70,803 |
| Insurance | 1,57,180 | 91,897 |
| Miscellaneous | 5,24,042 | 33,937 |
| | 6,40,41,063 | 4,74,69,128 |

Note
* Refer note 13(e) for details of expenses settled against issue of Equity shares during the year

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26 Calculation Of Earning Per Share (EPS)

Earning per share is calculated by dividing the profit/ (loss) attributable to the Equity Share holders by weighted average number of Equity Share of outstanding during the year as under:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Profit (loss) attributable to Shareholders | (6,85,03,824) | (4,56,40,813) |
| Weighted average number of shares | 5,99,28,116 | 1,76,30,223 |
| Earnings per share of Rs. 10 Each (Basic and Diluted) | (1.14) | (2.59) |

27 Contingent Liabilities And Capital & Other Commitments

a) Contingent liabilities

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Income tax liability | - | - | - |

(b) Capital Commitment and other Commitment

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account commitments: | - | - | - |
| **Other Commitments** | | | |
| Licence Fess to Modulex Modular Building Plc, United Kingdom (Agreement Date : July 01, 2017) | | | |
| In cash excluding all local taxes (GBP) | 6,50,000 | 10,00,000 | |
| In Equity Shares in Franchisee at Par (GBP) | 10,00,000 | 10,00,000 | - |
| Royalty & Design Fees to Modulex Modular Building Plc, United Kingdom (Refere Note below) | | | |
| Total | 16,50,000 | 20,00,000 | - |

Note : As per agreement dated July 01, 2017 with Modulex Modular Building Plc,Royalty and Design fee payable in each year from the licence start date or where the company makes a profit at 5% of Gross operating profit payable in Pound sterling towards design and production drawing support provided by the franchisor. Amount shall due at the end of each quarter and payable before the last working day of following quarter.

28 Micro Small And Medium Enterprises ("MSME") Disclosure

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act) Principal amount due to micro and small enterprise Interest due. | - | - | - |
| Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period | - | - | - |
| Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006 | - | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - | - |
| Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises | - | - | - |

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29 Employee Benefits

Defined Benefits Plan

Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity is provided as per the acturial valuation which is unfunded

Employee benefit schemes recognised in the financial statements as per actuarial valuation as on March 31, 2019 and March 31, 2018 are as follows :

Change in Defined Benefit Obligation

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Defined Benefit Obligation at the beginning** | 5,41,680 | 4,09,528 |
| Current Service Cost | 1,33,947 | 1,23,143 |
| Past Service Cost | - | 1,781 |
| (Gain) / Loss on settlements | - | - |
| Interest Expense | 40,626 | 30,715 |
| Benefit Payments from Plan Assets | - | - |
| Benefit Payments from Employer | - | - |
| Settlement Payments from Plan Assets | - | - |
| Settlement Payments from Employer | - | - |
| Other (Employee Contribution, Taxes, Expenses) | - | - |
| Increase / (Decrease) due to effect of any business combination / divesture / transfer) | - | - |
| Increase / (Decrease) due to Plan combination | - | - |
| Remeasurements - Due to Demographic Assumptions | - | - |
| Remeasurements - Due to Financial Assumptions | (17,334) | - |
| Remeasurements - Due to Experience Adjustments | 68,078 | (23,487) |
| **Defined Benefit Obligation at the end** | 7,66,997 | 5,41,680 |
| **Discount Rate** | 7.65% | 7.50% |
| **Salary Escalation Rate** | 6.00% | 6.00% |

Weighted Average Asset Allocations at end of current period

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Equities | 0% | 0% |
| Bonds | 0% | 0% |
| Insurance Policies | 0% | 0% |
| Total | 0% | 0% |

Components of Defined Benefit Cost

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Current Service Cost | 1,33,947 | 1,23,143 |
| Past Service Cost | - | 1,781 |
| (Gain) / Loss on Settlements | - | - |
| Reimbursement Service Cost | - | - |
| **Total Service Cost** | 1,33,947 | 1,24,924 |
| Interest Expense on DBO | 40,626 | 30,715 |
| Interest (Income) on Plan Assets | - | - |
| Interest (Income) on Reimbursement Rights | - | - |
| Interest Expense on (Asset Ceiling) / Onerous Liability | - | - |
| **Total Net Interest Cost** | 40,626 | 30,715 |
| Reimbursement of Other Long Term Benefits | - | - |
| **Defined Benefit Cost included in statement of profit and loss** | 1,74,573 | 1,55,638 |

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| | | |
|---|---|---|
| Remeasurements - Due to Demographic Assumptions | - | - |
| Remeasurements - Due to Financial Assumptions | (17,334) | - |
| Remeasurements - Due to Experience Adjustments | 68,078 | (23,487) |
| (Return) on Plan Assets (Excluding Interest Income) | - | - |
| (Return) on Reimbursement Rights | - | - |
| Changes in Asset Ceiling / Onerous Liability | - | - |
| **Total Remeasurements in OCI** | **50,744** | **(23,487)** |
| **Total Defined Benefit Cost recognized in statement of profit and loss and OCI** | **2,25,317** | **1,32,152** |

**Bifurcation of Present Value of Obligations at the end of the valuation period as per Schedule III of the Companies Act, 2013:**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Current Liabilities | 2,51,644 | 1,87,974 |
| Non- current Liabilities | 5,15,352 | 3,53,705 |

**Amounts recognized in the Statement of Financial Position:**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Defined Benefit Obligation | 7,66,997 | 5,41,680 |
| Fair Value of Plan Assets | - | - |
| **Funded Status** | **7,66,997** | **5,41,680** |
| Effect of Asset Ceiling / Onerous Liability | - | - |
| **Net Defined Benefit Liability / (Asset)** | **7,66,997** | **5,41,680** |
| **Of which, Short term Liability** | **2,51,644** | **1,87,974** |

**Experience Adjustments on Present Value of DBO and Plan Assets**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (Gain) / Loss on Plan Liabilities | 68,078 | (23,487) |
| % of Opening Plan Liabilities | 12.57% | -5.74% |
| Gain / (Loss) on Plan Assets | - | - |
| % of Opening Plan Assets | - | - |

**Expected Cash flow for following years**

| **Maturity Profile of Defined Benefit Obligations**<br>Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Year 1 | 2,51,644 | 1,87,974 |
| Year 2 | 9,088 | 6,016 |
| Year 3 | 9,572 | 6,335 |
| Year 4 | 10,088 | 6,682 |
| Year 5 | 10,641 | 7,120 |
| Year 6 | 11,233 | 7,515 |
| Year 7 | 11,870 | 7,937 |
| Year 8 | 12,554 | 8,392 |
| Year 9 | 13,293 | 8,881 |
| Year 10 | 14,091 | 9,408 |

The weighted average duration of the defined benefit obligation is 25.07

**30 Related Party Transaction**

**a) Name of the related parties**

| Category | Name of the Person |
|---|---|
| **Key Management Personnel (KMP)** | Punnose Punnose<br>Sandeep Khurana<br>Suchit Punnose<br>Ajay Shridhar Palekar<br>Adrian Michael Geoffrey Bryars<br>Andrew Pearson<br>Prem Nath Pasricha |

| | |
|---|---|
| Enterprise over which KMP are able to exercise Significant Influence | Eco Hotels India Private Limited<br>Armaec Energy Private Limited<br>Give Vinduet Windows And Doors Private Limited<br>Modulex Construction Technologies Limited<br>Redribbon Advisory Services Private Limited<br>Crowdsource Global Private Limited |

b) Details of transactions with the related parties

| Nature of Transactions | 2018-19 | 2017-18 |
|---|---|---|
| **Investment In Preference Shares** | - | 2,30,00,000 |
| Eco Hotels India Private Limited | | |
| **Conversion of Debentures during the year** | - | 2,30,00,000 |
| Eco Hotels India Private Limited | | |
| **Advance given for acquisition of technology (Know-how)** | 3,57,32,580 | - |
| Modulex Modular Building Plc | | |
| **Advance given for services** | - | 1,65,50,000 |
| Eco Hotels India Private Limited | | |
| Advance given towards expenses | 13,080 | 13,080 |
| Give Vinduet Windows and Doors Pvt. Ltd. | | |
| **Rent Deposit Paid on behalf of director** | 60,000 | - |
| Ajay Shridhar Palekar | | |
| **Loans/Advance Given To** | 1,36,22,895 | 1,02,10,000 |
| Suchit Punnose | 26,32,404 | - |
| Modulex Construction Technologies Limitd | 1,41,10,000 | - |
| Eco Hotels Private Limited | | |
| **Repayment of loan given by** | - | 29,50,000 |
| Suchit Punnose | | |
| **Reimbursement of Expenses** | 17,64,498 | - |
| Suchit Punnose | | |
| **Issue of share capital (against expenses)** | 18,80,000 | - |
| Sandeep Khurana | 16,20,000 | |
| Prem Nath Pasricha | 30,00,000 | |
| Ajay Shridhar Palekar | | |
| **Issue of share capital** | - | 44,508 |
| Redribbon Advisory Services Private Limited | | |
| **Loans/Advance taken from** | 73,70,000 | - |
| Give Vinduet Windows & Doors Private Limited | | |
| Interest Income | 1,09,712 | - |
| Modulex Construction Technologies Limitd | 48,49,312 | 28,91,160 |
| Suchit Punnose | 6,83,788 | |
| Eco Hotels Private Limited | | |

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| | | |
|---|---|---|
| **Interest Income on debentures** | | |
| Eco Hotels India Private Limited | - | 25,67,614 |
| **Director Remuneration** | | |
| Suchit Punnose | 50,00,000 | 50,00,000 |
| Punnose Punnose | - | 12,00,000 |
| Ajay Palekar | - | 1,55,19,633 |
| Sandeep Khurana | - | 4,09,775 |
| **Professional/Technical fees** | | |
| Ajay Shridhar Palekar | 90,00,000 | 11,11,111 |
| Sandeep Khurana | 22,13,333 | 2,77,778 |
| Prem Nath Pasricha | 16,20,000 | |
| **Interest Expenses on Inter corporate Debt** | | |
| Give Vinduet Windows & Doors Private Limited | 11,783 | - |
| **Rent Expenses** | | |
| Ajay Palekar | 33,11,160 | - |
| **Commission Expenses** | | |
| RedRebbion Advisory Services Private Limited | 1,33,62,500 | 60,29,800 |

**c) Balances with related parties**

| Nature of Transactions | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| **Investment in Subsidiary** | | | |
| Give Vinduet Windows & Doors Private Limited | 99,990 | 99,990 | 99,990 |
| **Advances Given for business purpose** | | | |
| Suchit Punnose - Reimbursement A/c | 3,69,393 | 21,33,891 | 13,77,702 |
| Give Vinduet Windows & Doors Private Limited | 1,03,258 | 90,178 | 77,098 |
| Ajay Shridhar Palekar | 5,00,000 | - | - |
| **Loans & Advance Given** | | | |
| Eco Hotels India Private Limited (Net of fair value) | 1,07,79,434 | - | - |
| Modulex Construction Technologies Limited (Net of fair value) | 19,27,139 | - | - |
| Suchit Punnose | 3,94,68,824 | 2,58,45,929 | 1,74,92,993 |
| **Advance given to vendor** | | | |
| Modulex Modular Building Plc | 3,57,32,580 | - | - |
| **Rent Deposit paid on behalf of Director** | | | |
| Ajay Shridhar Palekar | 3,00,000 | 2,40,000 | 2,40,000 |
| **Loans & Advance Taken** | | | |
| Give Vinduet Windows & Doors Private Limited (Net of Fair value) | 50,27,113 | - | - |
| **Advance Received From Customer** | | | |
| Eco Hotels India Private Limited | 70,32,386 | 70,32,386 | - |
| **Accounts Payables as at March 31** | | | |
| Redribbon Advisory Services Private Limited | 49,76,000 | 27,95,800 | 7,000 |

Suchit

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31 **Going Concern**

Due to financials and other regulatory constraints, there has been continuous delay in completion and implementation of the project. Due to this, there has been delay in commencement of commercial operations of the company and company has incurred accumulated book losses. However, the managements plans to continue with the project once all the required financial tie ups are in place and other regulatory formalities are completed. During the financial year, the company was acquired by a public limited company, which also saw the participation of marquee shareholders (large listed companies) who have invested capital and committed to absorb the capital expenditure of the factory .Therefore Financial statements have been prepared on going concern basis.

32 **Company Secretary**

As per section 203, of companies act 2013, the company is required appoint whole time company secretary. However company has not appointed company secretary During the year.

33 **Previous year's figures:**

Previous year's figure are regrouped & reclassified wherever necessary.

34 **Consolidation of financial statements of Give Vidute Windows Private Limited**

Financial statements of Give Vidute Widows Private Limited have been consolidated with Financial statements of Modulex Constructions Technology Limited(Ultimate Parent Company).

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35 Financial Instruments

Financial Instrument by category and hierarchy

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

i) Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.

ii) Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Hierarchy used for determining and disclosing the fair value of financial instruments by valuation technique:

The different levels haveBeen defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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MODULEX MODULAR BUILDINGS PRIVATE LIMITED
CIN : U45400PL2008PTC029086
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's financial instruments alongwith their carrying amounts and fair value

| As at March 31, 2019 | Carrying amount | Fair Value | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total of Fair Value | Routed through Profit and loss | | | | Routed throug OCI | | | | Carried at amortised cost | | | |
| | | | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets (Non-current) | | | | | | | | | | | | | | |
| Investments | 99,990 | 99,990 | - | - | - | - | - | - | - | - | - | - | 99,990 | 99,990 |
| Loans | 1,27,06,573 | 1,27,06,573 | - | - | - | - | - | - | - | - | - | - | 1,27,06,573 | 1,27,06,573 |
| Financial assets (Current) | | | | | | | | | | | | | | |
| Cash and cash equivalents | 3,46,994 | 3,46,994 | - | - | - | - | - | - | - | - | - | - | 3,46,994 | 3,46,994 |
| Loans | 4,04,20,870 | 4,04,20,870 | - | - | - | - | - | - | - | - | - | - | 4,04,20,870 | 4,04,20,870 |
| Other financial assets | 3,90,416 | 3,90,416 | - | - | - | - | - | - | - | - | - | - | 3,90,416 | 3,90,416 |
| Total | 5,39,64,843 | 5,35,17,859 | - | - | - | - | - | - | - | - | - | - | 5,35,17,859 | 5,39,64,843 |
| Financial liability (Non-current) | | | | | | | | | | | | | | |
| Borrowings | 53,34,061 | 53,34,061 | - | - | - | - | - | - | - | | - | - | 53,34,061 | 53,34,061 |
| Financial liabilities (Current) | | | | | | | | | | | | | | |
| Borrowings | 7,92,360 | 7,92,360 | - | - | - | - | - | - | | | | - | 7,92,360 | 7,92,360 |
| Other financial liabilities | 7,50,77,741 | 7,50,77,741 | | - | - | - | - | - | | | | - | 7,50,77,741 | 7,50,77,741 |
| Total | 8,12,04,161 | 7,50,77,741 | - | - | - | - | - | - | - | - | - | - | 7,50,77,741 | 7,50,77,741 |

| As at March 31, 2018 | Carrying amount | Fair Value | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total of Fair Value | Routed through Profit and loss | | | | Routed throug OCI | | | | Carried at amortised cost | | | |
| | | | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets (Non-current) | | | | | | | | | | | | | | |
| Investments | 99,990 | 99,990 | - | - | - | - | - | - | - | - | - | - | 99,990 | 99,990 |
| Loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Financial assets (Current) | | | | | | | | | | | | | | |
| Cash and cash equivalents | 7,68,96,712 | 7,68,96,712 | - | - | - | - | - | - | - | - | - | - | 7,68,96,712 | 7,68,96,712 |
| Loans | 2,66,18,344 | 2,66,18,344 | - | - | - | - | - | - | - | - | - | - | 2,66,18,344 | 2,66,18,344 |
| Other financial assets | 3,20,000 | 3,20,000 | - | - | - | - | - | - | - | - | - | - | 3,20,000 | 3,20,000 |
| Total | 10,39,35,045 | 2,69,38,344 | - | - | - | - | - | - | - | - | - | - | 2,69,38,344 | 2,69,38,344 |
| Financial liability (Non-current) | | | | | | | | | | | | | | |
| Borrowings | 7,57,877 | 7,57,877 | - | - | - | - | - | - | - | - | | - | 7,57,877 | 7,57,877 |
| Financial liabilities (Current) | | | | | | | | | | | | | | |
| Borrowings | 3,84,041 | 3,84,041 | - | - | - | - | - | - | - | - | - | - | 3,84,041 | 3,84,041 |
| Other financial liabilities | 11,11,33,897 | 11,11,33,897 | - | - | - | - | - | - | - | - | - | - | 11,11,33,897 | 11,11,33,897 |
| Total | 11,22,75,815 | 11,11,33,897 | - | - | - | - | - | - | - | - | - | - | 11,11,33,897 | 11,11,33,897 |

| As at April 01, 2017 | Carrying amount | Fair Value | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total of Fair Value | Routed through Profit and loss | | | | Routed throug OCI | | | | Carried at amortised cost | | | |
| | | | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets (Non-current) | | | | | | | | | | | | | | |
| Investments | 99,990 | 99,990 | - | - | - | - | - | - | - | - | - | - | 99,990 | 99,990 |
| Loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Financial assets (Current) | | | | | - | | | | - | | | | - |
| Cash and cash equivalents | 26,38,525 | 26,38,525 | - | - | - | - | - | - | - | - | - | - | 26,38,525 | 26,38,525 |
| Loans | 3,26,99,917 | 3,26,99,917 | - | - | - | - | - | - | - | - | - | - | 3,26,99,917 | 3,26,99,917 |
| Other financial assets | 10,24,070 | 10,24,070 | - | - | - | - | - | - | - | - | - | - | 10,24,070 | 10,24,070 |
| | | | | | | | | | | | | | | - |
| Total | 3,64,62,501 | 3,37,23,987 | - | - | - | - | - | - | - | - | - | - | 3,37,23,987 | 3,37,23,987 |
| Financial liability (Non-current) | | | | | | | | | | | | | | |
| Borrowings | 11,45,054 | 11,45,054 | - | - | - | - | - | - | - | | - | - | 11,45,054 | 11,45,054 |
| Financial liabilities (Current) | | | | | | | | | | | | | | |
| Borrowings | 3,45,591 | 3,45,591 | - | - | - | - | - | - | - | - | - | - | 3,45,591 | 3,45,591 |
| Other financial liabilities | 9,55,85,693 | 9,55,85,693 | - | - | - | - | - | - | - | - | - | - | 9,55,85,693 | 9,55,85,693 |
| Total | 9,70,76,338 | 9,55,85,693 | - | - | - | - | - | - | - | - | - | - | 9,55,85,693 | 9,55,85,693 |

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Financial risk management objectives and policies :

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of loans, investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has adopted a Risk Management Charter and Policy for self-regulatory processes and procedures for ensuring the conduct of the business in a risk conscious manner. The Risk Management Policy of the Company states the Company's approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Company's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Company's financial performance.

The company has exposure to the following risks arising from financial instruments:

i. Market Risk
ii. Credit Risk
iii. Liquidity Risk

**Market Risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments.

Market risk comprises three types of risks:

a. Interest Rate Risk,
b. Currency Risk,
c. Other Price Risk

Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables and loans.

**a. Interest Rate Risk,**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Since the Company has mostly fixed interest bearing borrowings which are not subject to interest rate risk as defined in Ind AS 107, since neither carrying amount nor the future cash flows will fluctuate because of a change in market interest rate. Therefore exposure to risk of changes in market interest rates is minimal.

**b. Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities i.e. when revenue or expense is denominated in a foreign currency.

The Company's foreign currency exposure arises mainly from foreign exchange imports of services.

There are no outstanding payables in foreign currency with regard to import of services , therefore the company does not have foreign currency risk as on March 31, 2019, March 31, 2018 and March 31, 2017.

**c. Other Price Risk :**

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. The company does not have any financial instrument which are market traded, therefore company is not subject to price risk as on March 31, 2019, March 31, 2018 and March 31, 2017.

**ii. Credit Risk**

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as investment, other balances with banks, loans and other receivables. The Company's exposure to credit risk is disclosed in note 5, 6, 8, 9 & 10.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

i) Actual or expected significant adverse changes in business,
ii) Actual or expected significant changes in the operating results of the counterparty,
iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
iv) Significant increase in credit risk on other financial instruments of the same counterparty,
v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectations of recovery. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

The Company measures the expected credit loss based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

Trade receivables

The company has not yet started operation as there is no trade receivable in balance sheet, therefore the company does not have provision matrix and established policy for creating expected credit loss provision on trade receivables.

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Other financial assets and cash deposits

Credit risk arising from other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the international credit rating agencies.

For other financial assets e.g. investment, loan & advances and deposits, company periodically assesses financial reliability counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for these components of the balance sheet at March 31, 2019, March 31, 2018 and March 31, 2017 is as illustrated in note 5 and note 6.

II. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The company has not yet started operation, therefore it does not have any bank credit facility to meet its normal operating commitments. However, since the company is process of developing manufacturing facility, it needs capital to fund the project. To meet those obligations the company has raised capital from various investors and is in process to raise further capital to fund the project.

The table below analyse financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| Particulars | Less than 1 Year | Between 1 to 5 Years | Over 5 Years | Total | Carring Value |
|---|---|---|---|---|---|
| As at March 31, 2019 | | | | | |
| Borrowings | 7,92,360 | 4,10,206 | - | 12,02,566 | 12,02,566 |
| Trade Payables | - | - | - | - | - |
| Inter Corporate Deposits | - | 49,23,855 | - | 49,23,855 | 49,23,855 |
| Other financial liabilities | 7,50,77,741 | - | - | 7,50,77,741 | 7,50,77,741 |
| Total | 7,58,70,101 | 53,34,061 | - | 8,12,04,161 | 8,12,04,161 |
| As at March 31, 2018 | | | | | |
| Borrowings | 3,84,041 | 7,57,877 | - | 11,41,918 | 11,41,918 |
| Trade Payables | - | - | - | - | - |
| Inter Corporate Deposits | - | - | - | - | - |
| Other financial liabilities | 11,11,33,897 | - | - | 11,11,33,897 | 11,11,33,897 |
| Total | 11,15,17,938 | 7,57,877 | - | 11,22,75,815 | 11,22,75,815 |
| As at April 01, 2017 | | | | | |
| Borrowings | 3,45,591 | 11,45,054 | - | 14,90,645 | 14,90,645 |
| Trade Payables | - | - | - | - | - |
| Inter Corporate Deposits | - | - | - | - | - |
| Other financial liabilities | 9,55,85,693 | - | - | 9,55,85,693 | 9,55,85,693 |
| Total | 9,59,31,284 | 11,45,054 | - | 9,70,76,338 | 9,70,76,338 |

36 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

As at March 31, 2019, the Company has one class of equity shares and Preference share both in the nature of loan and equity. Further company had raised capital throug loan from related parties and through intercorporate deposits. Consequent to such capital structure, there are no externally imposed capital requirements.

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## 37 FIRST TIME ADOPTION OF Ind AS

For all periods up to and including the year ended March 31, 2018, the Company had prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Rules, 2006 ("Previous GAAP").

The Company has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with a transition date of April 01, 2017. Accordingly the impact of transition has been provided in the Opening Reserves as at April 01, 2017. The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III.

This note explains the principal adjustments made by the Company in restating its financial statements prepared under Previous GAAP for the following-

a) Balance Sheet as at April 01, 2017 (Transition date);
b) Balance Sheet as at March 31, 2018;
c) Statement of Profit and Loss for the year ended March 31, 2018; and
d) Statement of Cash flows for the year ended March 31, 2018

**EXEMPTIONS AVAILED:**

"*Ind AS 101 First-time Adoption of Indian Accounting Standards*" requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended March 31, 2019 for the company, be applied retrospectively and consistently for all financial years presented. Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

**The Company has availed the following exemptions as per Ind AS 101:**

1. Ind AS 101 requires an entity to assess the classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.
   Accordingly, the Corporation has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortized cost has been done retrospectively except where the same is impracticable.

2. For financial instruments, wherein fair market values are not available (viz. interest free and below market rate security deposits or loans) the Company has elected to adopt fair value recognition prospectively to transactions entered after the date of transition.

3. The Company has elected to consider the carrying value of all its items of property, plant and equipment and intangible assets recognised in the financial statements prepared under Previous GAAP and use the same as deemed cost in the opening Ind AS Balance Sheet.

4. The Company has elected to use the exemption for derecognition of financial assets and liabilities prospectively i.e. after April 01, 2017

I. **Reconciliation of Balance sheet as at April 01, 2017**

| Effect of Ind AS adoption on the Balance Sheet as at April 01, 2017 | Note Reference | Amount as per Previous GAAP* | Effect of Transition | Amount as per Ind AS |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | 3 | 3,31,52,733 | - | 3,31,52,733 |
| Capital work in progress | 4 | 16,38,45,752 | (9,01,33,129) | 7,37,12,623 |
| Financial assets: | | | | |
| Investments | 5 | 2,30,99,990 | (2,30,00,000) | 99,990 |
| Other non - current Assets | 7 | 75,00,000 | - | 75,00,000 |
| | | 22,75,98,475 | (11,31,33,129) | 11,44,65,346 |
| **CURRENT ASSETS** | | | | |
| Financial assets: | | | | |
| Cash and cash equivalents | 8 | 26,38,525 | (0) | 26,38,525 |
| Loans | 9 | 3,92,70,297 | (65,70,381) | 3,26,99,917 |
| Other financial assets | 10 | 10,40,905 | (16,835) | 10,24,070 |
| Current tax assets (net) | 11 | 1,11,628 | - | 1,11,628 |
| Other current assets | 12 | 58,417 | 16,05,210 | 16,63,627 |
| | | 4,31,19,772 | (49,82,005) | 3,81,37,767 |
| **TOTAL ASSETS** | | 27,07,18,247 | (11,81,15,134) | 15,26,03,113 |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Share capital | 13 | 21,70,45,850 | 5,88,70,768 | 27,59,16,618 |
| Other equity | 14 | (4,61,80,420) | (17,47,21,921) | (22,09,02,341) |
| | | 17,08,65,430 | (11,58,51,153) | 5,50,14,277 |
| **LIABILITIES** | | | | |
| **NON-CURRENT LIABILITIES** | | | | |
| Financial Liabilities: | | | | |
| Borrowings | 15 | 9,58,95,054 | (9,47,50,000) | 11,45,054 |
| Provisions | 16 | 24,67,317 | (21,83,813) | 2,83,504 |
| | | 9,83,62,371 | (9,69,33,813) | 14,28,558 |
| **CURRENT LIABILITIES** | | | | |
| Financial liabilities: | | | | |
| Borrowings | 17 | 3,45,591 | - | 3,45,591 |
| Other financial liabilities | 18 | - | 9,55,85,693 | 9,55,85,693 |
| Other current liabilities | 19 | 11,44,855 | (10,41,886) | 1,02,969 |
| Provisions | 20 | - | 1,26,024 | 1,26,024 |

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| | Note Reference | | | |
|---|---|---|---|---|
| | | 14,90,446 | 9,46,69,831 | 9,61,60,277 |
| TOTAL EQUITY AND LIABILITIES | | 27,07,18,247 | (11,81,15,134) | 15,26,03,113 |

II. Reconciliation of Balance sheet as at March 31, 2018

| Effect of Ind AS adoption on the Balance Sheet as at March 31, 2018 | Note Reference | Amount as per Previous GAAP* | Effect of Transition | Amount as per Ind AS |
|---|---|---|---|---|
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 3 | 3,23,16,967 | - | 3,23,16,967 |
| Capital work in progress | 4 | 28,86,24,987 | (12,82,43,581) | 16,03,81,406 |
| Financial assets: | | - | - | - |
| Investments | 5 | 2,30,99,990 | (2,30,00,000) | 99,990 |
| Other Non - Current Assets | 7 | 50,000 | - | 50,000 |
| | | 34,40,91,944 | (15,12,43,581) | 19,28,48,363 |
| CURRENT ASSETS | | | | |
| Financial assets: | | | | |
| Cash and cash equivalents | 8 | 7,68,96,712 | (0) | 7,68,96,712 |
| Loans | 9 | 3,30,61,004 | (64,42,661) | 2,66,18,344 |
| Other financial assets | 10 | 3,20,000 | - | 3,20,000 |
| Current Tax Assets (net) | 11 | 3,29,685 | - | 3,29,685 |
| Other current assets | 12 | 1,37,32,829 | 21,33,891 | 1,58,66,720 |
| | | 12,43,40,230 | (43,08,770) | 12,00,31,461 |
| TOTAL ASSETS | | 46,84,32,174 | (15,55,52,351) | 31,28,79,823 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Share Capital | 13 | 46,34,26,801 | 36,00,000 | 46,70,26,801 |
| Other equity | 14 | (6,54,09,127) | (21,05,15,994) | (27,59,25,121) |
| | | 39,80,17,674 | (20,69,15,994) | 19,11,01,680 |
| LIABILITIES | | | | |
| NON-CURRENT LIABILITIES | | | | |
| Financial Liabilities: | | | | |
| Borrowings | 15 | 7,57,877 | - | 7,57,877 |
| Provisions | 16 | 28,14,845 | (24,61,140) | 3,53,705 |
| | | 35,72,722 | (24,61,140) | 11,11,582 |
| CURRENT LIABILITIES | | | | |
| Financial Liabilities: | | | | |
| Borrowings | 17 | - | 3,84,041 | 3,84,041 |
| Other financial liabilities | 18 | 6,68,41,778 | 4,42,92,119 | 11,11,33,897 |
| Other current liabilities | 19 | - | 89,60,649 | 89,60,649 |
| Provisions | 20 | - | 1,87,974 | 1,87,974 |
| | | 6,68,41,778 | 5,38,24,783 | 12,06,66,561 |
| TOTAL EQUITY AND LIABILITIES | | 46,84,32,174 | (15,55,52,351) | 31,28,79,823 |

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

III. Reconciliation of Statement of Profit and Loss for the year ended March 31, 2018

| Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended March 31, 2018 | Note Reference | Amount as per Previous GAAP | Effect of Transition | Amount as per Ind AS |
|---|---|---|---|---|
| INCOME | | | | |
| Revenue from operations | | - | - | - |
| Other Income | 21 | 3,550 | 28,91,160 | 28,94,710 |
| TOTAL INCOME (I) | | 3,550 | 28,91,160 | 28,94,710 |
| EXPENSES | | | | |
| Cost of materials consumed | | - | - | - |
| Changes in inventories of Finished Goods, Work-in-Progress and Stock in Trade | | - | - | - |
| Employee benefits expense | 22 | 97,668 | 2,17,638 | 3,15,306 |
| Finance cost | 23 | 1,39,193 | 15,419 | 1,54,612 |
| TOTAL EXPENSES (II) | | 2,36,861 | 2,33,057 | 4,69,918 |
| Profit Before Interest, Tax, Depreciation And Amortisation (EBITDA) (I-II) | | (2,33,311) | 26,58,103 | 24,24,792 |
| Depreciation and amortization Expenses | 24 | 5,96,479 | (1) | 5,96,478 |
| Other expenses | 25 | 1,83,22,196 | 2,91,46,932 | 4,74,69,128 |
| Profit / (Loss) before exceptional item and tax | | (1,91,51,986) | (2,64,88,827) | (4,56,40,813) |
| Exceptional items | | - | - | - |
| Profit / (Loss) before tax | | (1,91,51,986) | (2,64,88,827) | (4,56,40,813) |
| Tax expense | | | | |
| Current tax | | - | - | - |
| Adjustment of tax relating to earlier periods | | - | - | - |
| Deferred tax | | - | - | - |
| Profit / (Loss) for the year | | (1,91,51,986) | (2,64,88,827) | (4,56,40,813) |
| OTHER COMPREHENSIVE INCOME * | | | | |
| Remeasurement of the defined benefit plans (Net) | 4 | - | 23,487 | 23,487 |

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| | | | |
|---|---|---|---|
| Other comprehensive income for the year, net of tax | - | 23,487 | 23,487 |
| | | | |
| Total comprehensive income for the year, net of tax | (1,91,51,986) | (2,64,65,340) | (4,56,17,326) |

* Under the Previous GAAP, there was no concept of Other Comprehensive Income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in Other Comprehensive Income.

IV. Reconciliation of Profit or Loss for the year ended March 31, 2018

| Nature of Adjustments | Note Reference | For the year ended March 31, 2018 |
|---|---|---|
| Profit after tax under Previous GAAP | | (1,91,51,986) |
| Gratuity Expenses recognised through Profit & Loss | | (1,55,638) |
| Net Gain on Fair valuation of loan recognised through profit & loss | | 10,92,996 |
| Impairment of Capital work in progress | | (3,81,10,451) |
| Others adjustments | | 1,06,84,326 |
| **Profit after tax as per Ind AS** | | (4,56,40,813) |
| Gratuity Expenses recognised through Other comprehensive income (Net of Tax) | | 23,487 |
| **Total comprehensive income as per Ind AS** | | (4,56,17,326) |

V. Reconciliation of Equity

| Nature of Adjustments | Note Reference | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|
| Total equity under Previous GAAP | | 39,80,17,674 | 17,08,65,430 |
| Adjustement Impact : Gain/(Loss) | | | |
| Net Effects of instrument entirely equity in nature | 7 & 8 | 36,00,000 | 5,88,70,768 |
| Effect of impairment of capital work in progress | 1 | (12,82,43,580) | (9,01,33,129.0) |
| Effect of Fair valuation of loan under Ind As | 3 | (38,89,071) | (49,82,007.0) |
| Net Reversal of provision under Ind As | 4 & 6 | 19,25,638 | 20,57,789.0 |
| Effect of impairment of investment in subsidiary company | 2 | (2,30,00,000) | (2,30,00,000.0) |
| Contingent liability dividend accounted as interest expenses under Ind As | 5 | (5,86,64,575) | (5,86,64,575.0) |
| Effect of Share issue expenses under Ind As | 5 | (1,03,36,800) | - |
| Share application money pending allotment | | 10,08,067 | - |
| Other Adjustment due to Ind As Effects | | 1,06,84,326 | - |
| Total Ind AS adjustment | | (20,69,15,994) | (11,58,51,154) |
| | | | |
| Total equity under Ind AS | | 19,11,01,680 | 5,50,14,277 |

**On account of transition to Ind AS, there is no material adjustment to the Statement of Cash Flows for the year ended March 31, 2018**

**Notes to first time adoption**

The following explains the material adjustments made during transition from previous GAAP to Ind As :

**Note 1 Capital Work in Progress**

Based on the impairment carried out by the management as on the date of transition (i.e. 01/04/2017), an impairment loss of Rs.9,01,33,129 was recognised in Retained Earnings. Further, impairment loss was recognised during F.Y. 2017-18 in the Statement of Profit and Loss amounting to Rs. 3,81,10,450 based on the impairment testing carried out by the management.

**Note 2 Fair Value of Investment**

Under the previous GAAP, investment in financial instruments were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for diminution other than temporary, in the value of such investments. Current investments were carried at lower of cost or fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated as FVOCI) have been recognised in retained earnings as at the date of transition. This has resulted in an reduction of retailed earnings.

Company has made investment of Rs.2,30,00,000 in preference shares of Eco Hotels Private Limited. This investment tested for impairment as on the date of transition (i.e 01/04/2017), impairment loss of Rs.2,30,00,000 was recognised in Retained Earnings.

**Note 3 Fair valuation of loans**

During the year 2018-19 company has given loan to Eco Hotels Private Limited and Modulex Construction Technology Limited of Rs.1,46,10,000 and 25,49,880 respectively and taken loan from Give Vinduet Windows & Doors Private Limited of Rs. 73,70,000. In accordance with Ind As accounting standards, Company has fair valued these loans as on 31st March,2019 and Net difference in these loans of Rs. 99,45,589 has been adjusted in Profit and Loss Accounts.

**Note 4 Acuarial gain/ loss on defined benefit plans**

Company has obtained gratuity valuation from actury for the year ended March 2017, March 2018 and March 2019 and accordinigy provision has been made in respective books of accounts based on the requirement of Ind As and Provision made under previous GAAP has have been reversed.

Remeasurement cost of net defined benefit liability: The remeasurement cost arising primarily due to change in actuarial assumptions has been recognised in other comprehensive income (OCI) under Ind AS instead of statement of Profit and Loss under previous GAAP.

**Note 5 Retained Earnings**

Retained earnings as at 1st April, 2017 has been adjusted consequent to the above IND-AS transition adjustments.

**Note 6 Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of Profit and Loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

**Note 7 Reclassification of Preference shares**

In accordance with requirements of Ind AS, Cumulative Convertible Redeemable Preference Shares of Rs.4,80,00,010 have been reclassified as current financial liability from equity and Compusory Convertible cumulative Preference shares of Rs.1,25,00,000 have been reclassified as instrument entirely equity in nature under share capital from share capital. Contigent liability of dividend on these preference shares have been accounted as interest Liability and shown as Current financial liability as per Ind As requirements.

**Note 8 Reclassification of Debentures**

In accordance with requirement of Ind As, Compulsory Convertible Debentures of Rs. 9,47,50,000 have been reclassified as instrument entirely equity in nature under share capital from Unsecured Long term borrowings.

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