



**LAKHOTIA & CO.**  
**Chartered Accountants**

**INDEPENDENT AUDITOR'S REPORT**

To the Members of **Gloster Specialities Limited**

**Report on the Ind AS Financial Statements**

**Opinion**

We have audited the accompanying Ind AS financial statements of **Gloster Specialities Limited** (*"the Company"*) which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.





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### Responsibilities of Management and those charged with governance for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, change in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India, specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of Ind AS Financial Statement

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our





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conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the Internal Financial Control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:





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- i) The Company does not have any pending litigations which would impact its financial positions.
- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Lakhotia & Co.  
Chartered Accountants  
Firm Registration No. 313149E

*Lakhotia*

**Naresh Lakhotia**  
Partner  
Membership No. 051249  
Kolkata  
Dated: 27-07-2020  
UDIN:- 20051249AAAABR5256





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**Chartered Accountants**

**“Annexure A” to Independent Auditors’ Report**

Statement referred to in our Independent Auditors report to the members of the Company on the Ind AS financial statements for the year ended 31st March 2020.

- i. The Company does not have any fixed assets and as such clauses 3(i) of the Order is not applicable to the Company
- ii. The Company does not have any inventory and as such clause 3(ii) of the Order is not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under Section 189 of the Act and as such clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- iv. According to the information and explanations given to us, the company has not given any loan or guarantee or provided any security covered by the provisions of Section 185 and in respect of loans, investments, guarantees and security, the company has complied with provisions of Section 186 of the Act to the extent applicable.
- v. The Company has not accepted deposits from the public.
- vi. The Central Government has not prescribed for the maintenance of cost records under Section 148(1) of the Act.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, goods and service tax, duty of customs, cess and any other material statutory dues, as applicable, with the appropriate authorities.  
(b) As at 31<sup>st</sup> March, 2020, according to the records of the Company and the information and explanations given to us, there were no dues of income tax, goods and service tax and duty of customs that have not been deposited on account of any dispute.
- viii. There are no loans or borrowing from any financial institution, bank, Government or dues to debenture holders and as such clause 3(viii) of the Order is not applicable to the Company.
- ix. The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and any term loans during the year and as such clause 3(ix) of the Order is not applicable to the Company.
- x. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the Company or on the Company by the officers or employees, either noticed or reported during the year, nor have we been informed of such case by the management.
- xi. The company has not paid or provided any managerial remuneration during the year and as such clause 3(xi) of the Order is not applicable to the Company.
- xii. The company is not a Nidhi company and as such clause 3(xii) of the Order is not applicable to the Company.

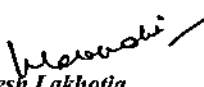




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**Chartered Accountants**

- xiii. According to the information and explanations given to us, there are no transactions with the related parties and as such the question of compliance with Section 177 and Section 188 of the Act does not arise and there are no details required to be disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with them.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Lakhotia & Co.  
Chartered Accountants  
Firm Registration No. 313149E

  
Naresh Lakhotia  
Partner  
Membership No. 051249  
Kolkata  
Dated: 27-07-2020





# LAKHOTIA & CO.

## Chartered Accountants

### "ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT ON THE IND AS FINANCIAL STATEMENTS OF GLOSTER SPECIALITIES LIMITED

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

We have audited the internal financial controls over financial reporting of **Gloster Specialities Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

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

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.





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**Chartered Accountants**

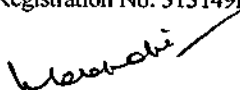
**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Lakhotia & Co.  
Chartered Accountants  
Firm Registration No. 313149E

  
**Naresh Lakhotia**  
Partner  
Membership No. 051249  
Kolkata  
Dated: 27-07-2020





**Gloster Specialities Limited**  
**Balance Sheet as at 31 March, 2020**

(All amounts in INR lakhs , unless otherwise stated)

Particulars	Note	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets			
(i) Investments	3	155.27	425.63
Deferred tax Asset (net)	4	5.31	4.57
<b>Total non-current assets</b>		<b>160.58</b>	<b>430.20</b>
<b>Current assets</b>			
Financial assets			
(i) Investments	5	77.23	54.93
(ii) Cash and cash equivalents	6	2.38	0.45
(iii) Bank balances other than (ii) above	7	450.00	88.00
(iv) Loans	8	50.00	150.00
(v) Other financial assets	9	6.81	19.48
Current tax assets	10	2.95	0.77
<b>Total current assets</b>		<b>589.37</b>	<b>313.63</b>
<b>Total assets</b>		<b>749.95</b>	<b>743.83</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	400.00	400.00
Other equity	12	348.96	342.05
<b>Total equity</b>		<b>748.96</b>	<b>742.05</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities			
(i) Other financial liabilities	13	0.65	0.18
Current tax liabilities	14	0.34	1.60
<b>Total current liabilities</b>		<b>0.99</b>	<b>1.78</b>
<b>Total liabilities</b>		<b>0.99</b>	<b>1.78</b>
<b>Total equity and liabilities</b>		<b>749.95</b>	<b>743.83</b>
Corporate Information	1		
Summary of significant accounting policies	2		

The accompanying notes are an integral part of this financial statements

This is the balance sheet referred to in our report of even date

For Lakhota & Co.  
 Firm Registration No. 313149E  
 Chartered Accountants

*Naresh Lakhota*  
 Naresh Lakhota  
 Partner  
 Membership No. 51249

*Naresh Lakhota*  
*Naresh Lakhota*  
 Directors

Directors

Place: Kolkata  
 Date: 27<sup>th</sup> July 2020



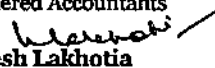
**Gloster Specialities Limited**  
**Statement of profit and loss for the year ended 31 March, 2020**

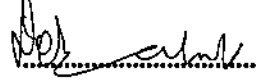
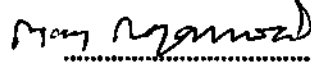
(All amounts in INR lakhs , unless otherwise stated)

Particulars	Notes	Year ended 31st March, 2020	Year ended 31st March, 2019
Other income	15	49.85	64.25
<b>Total income</b>		<b>49.85</b>	<b>64.25</b>
<b>Expenses</b>			
Other expenses	16	28.50	18.10
<b>Total expenses</b>		<b>28.50</b>	<b>18.10</b>
<b>Profit before tax</b>		<b>21.35</b>	<b>46.16</b>
Income tax expense			
- Current tax		11.37	10.40
- Deferred tax		(0.30)	(5.87)
-Tax for earlier years		(3.77)	-
<b>Total tax expense</b>		<b>7.30</b>	<b>4.53</b>
<b>Profit for the year (A)</b>		<b>14.05</b>	<b>41.63</b>
<b>Other comprehensive income/ (loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
(a) FVOCI - Equity instruments		(7.55)	18.40
Income tax relating to these items		0.44	(3.18)
<b>Other comprehensive income for the year, net of tax (B)</b>		<b>(7.11)</b>	<b>15.22</b>
<b>Total comprehensive income for the year (A+B)</b>		<b>6.94</b>	<b>56.85</b>
<b>Earnings per equity share: [Nominal value per share Rs. 10 (previous year Rs. 10)</b>	17		
Basic and Diluted		0.35	1.04
Corporate Information	1		
Summary of significant accounting policies	2		

The accompanying notes are an integral part of this financial statements

This is the Statement of profit and loss referred to in our report of even date.

For Lakhota & Co.  
 Firm Registration No. 313149E  
 Chartered Accountants  
  
 Naresh Lakhota  
 Partner  
 Membership No. 51249

  
  
 Directors

Place: Kolkata  
 Date: 27<sup>th</sup> July, 2020



**GLOSTER SPECIALITIES LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020**

(All amounts in INR lakhs , unless otherwise stated)

Particulars	Year ended 31st	Year ended 31st
	March, 2020	March, 2019
	Rs.	Rs.
<b>A. Cash Flow from Operating Activities</b>		
Net profit before tax	21.35	46.16
Adjustments for :		
Interest Income	(48.44)	(62.20)
Net Gain on Sale of Investments	1.70	(0.06)
Dividend Income	(1.40)	(1.99)
Net gains/(losses) on fair value changes on investments classified at FVTPL	22.63	13.60
<b>Operating profit before working capital changes</b>	<b>(4.16)</b>	<b>(4.49)</b>
Adjustments for :		
(Decrease)/Increase in Other Financial Liabilities	0.47	(0.56)
Decrease/(Increase) in Other Financial Assets	1.60	(1.60)
Cash generated from operations	(2.09)	(6.65)
Income Taxes paid	(11.11)	(10.71)
<b>Net Cash from Operating Activities A</b>	<b>(13.20)</b>	<b>(17.36)</b>
<b>B. Cash Flow from investing activities</b>		
Sale proceed from Long Term Investments	238.96	6.21
Sale proceeds from Current Investments	471.87	-
Interest received	59.40	60.15
Dividend Received	1.40	1.99
Decrease/(Increase) in Bank Balance other than Cash & Cash Equivalent	(362.00)	(51.00)
Repayment of Loan Given	100.00	-
Purchase of Current Investments	(494.50)	-
<b>Net Cash used in Investing activities B</b>	<b>15.13</b>	<b>17.35</b>
<b>C. Cash Flow from Financing Activities</b>		
<b>Net Cash used in Financing Activities C</b>	<b>-</b>	<b>-</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>1.93</b>	<b>(0.01)</b>
Cash and Cash Equivalents ( Opening Balance )	0.45	0.47
Cash and Cash Equivalents ( Closing Balance )	2.38	0.45

**Notes**

This is the Cash Flow statement referred to in our report of even date.

**For Lakhota & Co.**

Firm Registration No. 313149E

Chartered Accountants

*Naresh Lakhota*  
Naresh Lakhota

Partner

Membership No. 51249

*Manoj Kumar*  
.....

*Manoj Kumar*  
.....

Directors

Place: Kolkata

Date: 27<sup>th</sup> July, 2020



**Gloster Specialities Limited**  
**Statement of Changes in Equity for the year ended 31 March 2020**

(All amounts in INR lakhs, unless otherwise stated)

**A. Share capital**

Description	Notes	Amount
As at 01 April 2018		400.00
Changes in equity share capital	10	
<b>As at 31 March 2019</b>		<b>400.00</b>
Changes in equity share capital	10	
<b>As at 31 March 2020</b>		<b>400.00</b>

**B. Other equity**

Description	Notes	Reserve and surplus		Equity instruments through OCI	Total other equity
		General reserve	Retained earnings		
Balance as at 01 April 2018	11	289.31	(2.47)	(1.65)	285.19
Profit/ (Loss) for the year	11	-	41.61	-	41.61
Other Comprehensive income for the year	11	-	-	15.22	15.22
<b>Total comprehensive income</b>		-	41.61	15.22	56.83
Transfer to general reserve	11	41.61	(41.61)		-
<b>Balance at 31 March 2019</b>		<b>330.92</b>	<b>(2.47)</b>	<b>13.57</b>	<b>342.02</b>
<b>Balance as at 01 April 2019</b>					
Balance at 01 April 2019	11	330.92	(2.47)	13.57	342.02
Profit/ (Loss) for the year	11	-	14.05	-	14.05
Other Comprehensive Income	11	-	-	(7.11)	(7.11)
<b>Total comprehensive income</b>		-	14.05	(7.11)	6.94
Transfer to general reserve	11	14.05	(14.05)		-
<b>Balance at 31 March 2020</b>		<b>344.97</b>	<b>(2.47)</b>	<b>6.46</b>	<b>348.96</b>



## **Gloster Specialities Limited**

### **Notes to the standalone financial statements**

#### **1. Corporate Information**

Gloster Specialities Limited( "The Company"), a wholly owned subsidiary company of Gloster Limited, was incorporated on 23<sup>rd</sup> February, 2011 under the provisions of the Companies Act, 1956. The company has not done any business activities during the year.

#### **2. Summary of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **2.1 Basis of Preparation**

###### *(i) Compliance with Ind AS*

The Company is primifacie not mandated to prepare its financials statement in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016] and other relevant provisions of the Act. However, being a wholly owned subsidiary company of Gloster Limited ( "the parent company") who is required to prepare its financials statements as per Indian Accounting Standards, (Ind AS), the same is applicable on the Company and therefore the Company has prepared its financial statements in accordance with Ind AS.

These financial statements have been prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016] and other relevant provisions of the Act.

###### *ii) Classification of current and non-current*

All asset 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 Ind AS 1 - Presentation of Financial Statements and Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

###### *iii) Historical cost convention*

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention, except for the following:

- certain financial assets and liabilities those are measured at fair value

#### **2.2 Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

#### **2.3 Financial assets**

The financial assets are classified in the following categories:



- a) financial assets measured at fair value through profit and loss (FVTPL), and
- b) financial assets measured at fair value through other comprehensive income (FVOCI).

The classification of financial assets depends on the Company's business model for managing financial assets and the contractual terms of the cash flow.

At initial recognition, the financial assets are measured at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the Profit or Loss. Financial assets are not reclassified subsequent to their recognition except if and in the period the Company changes its business model for arranging financial assets.

#### **Financial instruments measured at FVTPL**

Financial instruments included within FVTPL category are measured initially as well as at each reporting period at fair value plus transaction costs as applicable. Fair value movements are recorded in statement of profit and loss.

Investments in units of bonds and debentures are accounted for at fair value and the changes in fair value are recognised in the statement of Profit and Loss.

#### **Financial assets at FVOCI**

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

##### *Equity instruments*

The Company measures all equity investments at fair value. The Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, and accordingly there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

#### **De-recognition of financial asset**

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial assets and such transfer qualifies for de-recognition under Ind AS 109 : Financial Instruments.

#### **Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Impairment loss allowance recognised /reversed during the year is charged/written back to Statement of Profit and Loss.

## **2.4 Financial Liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the



extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

For Trade and Other Payables maturing within one year from the balance sheet date, the carrying amount approximates fair value to short-term maturity of these instruments.

A financial liability (or a part of financial liability) is de-recognised from Company's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

## **2.5 Other Income**

Interest Income is recognized on a time proportion basis taking in to account the amount outstanding and the effective interest rate applicable.

Dividend income is recognized when the right to receive dividend is established.

## **2.6 Taxation**

Current tax is determined as the amount of tax payable in respect of taxable income for the year based on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Current and deferred tax is recognised in profit or 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.

## **2.7 Borrowing Cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.



## **2.8 Provisions and Contingent Liabilities**

**Provisions:** Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value, except where the effect of the time value of money is material.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

## **2.9 Earnings per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

## **2.10 Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents include cash in hand, and balance with bank in current account.

## **2.11 Offsetting Financial Instruments**

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





Note: 3 Non current Investments

Particulars	Face Value	No of units	As at 31st March, 2020	No of units	As at 31st March, 2019
<b>I. Mandatorily measured at FVTPL</b>					
<b>Investments in Debt/Bonds Quoted</b>					
NATIONAL HIGHWAY AUTHORITY OF INDIA	1,000		-	21,686	236.88
HFPL REAL ESTATE FUND (DOMESTIC) SERIES 4	9	1,993,859	155.27	1,993,859	189.25
<b>Total</b>			<b>155.27</b>		<b>425.63</b>



**Gloster Specialities Limited**  
**Notes to the standalone financial statements**

**Note: 4 Deferred tax assets (net)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Deferred tax liabilities</b>		
Financial assets at FVOCI	0.86	1.30
	<b>0.86</b>	<b>1.30</b>
<b>Deferred tax assets</b>		
Financial assets at fair value through profit or loss	6.17	5.87
	<b>6.17</b>	<b>5.87</b>
<b>Net deferred tax Asset [ Refer note (a) below]</b>	<b>5.31</b>	<b>4.57</b>

**Notes:**

(a) Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.



Note: 5 Current Investments

Particulars	Face Value	No of units	As at 31st March, 2020	No of units	As at 31st March, 2019
<b>I. Designated at FVOCI</b>					
<b>Quoted Equity Instruments- Fully paid-up (Direct Investment)</b>					
Infosys Limited	5	7,400	47.38	7,400	54.93
<b>II. Designated at FVTPL</b>					
<b>Investment in Mutual Fund (Debt)-Fully paid-up -Unquoted</b>					
ICICI Prudential Liquid Fund - Growth	100	10206.38	29.85		
<b>Total</b>			<b>77.23</b>		<b>54.93</b>
Aggregate amount of quoted investments			47.38		54.93
Aggregate market value of quoted investments			47.38		54.93



**Note: 6 Cash and cash equivalents**

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Cash and cash equivalents</b>		
Cash on hand	0.01	0.01
Balances with banks :		
In current accounts	2.37	0.45
	2.38	0.46
<b>Total</b>	<b>2.38</b>	<b>0.46</b>

**Note: 7 Bank balances other than Note 6 above**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Fixed deposits	450.00	88.00
<b>Total</b>	<b>450.00</b>	<b>88.00</b>



**Gloster Specialities Limited**  
**Notes to the standalone financial statements**

(All amounts in INR lakhs , unless otherwise stated)

**Note: 8 Current Loans**

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured, considered good</b>		
Loans to bodies corporate	50.00	150.00
<b>Total</b>	<b>50.00</b>	<b>150.00</b>

**Note: 9 Other financial assets - current**

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured, considered good</b>		
Other advances	-	1.60
Interest accrued on investments & deposits with banks	6.81	17.88
<b>Total</b>	<b>6.81</b>	<b>19.48</b>

**Note: 10 Other Current tax assets (net)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance for taxation [Net of provision : Rs.0.34 lakhs] [31.03.2019 : Rs.1.60 lakhs]	2.95	0.77
<b>Total</b>	<b>2.95</b>	<b>0.77</b>



**Gloster Specialities Limited**  
**Notes to the standalone financial statements**

(All amounts in INR lakhs , unless otherwise stated)

**Note: 11 Equity share capital**

Particulars	Equity Shares	
	Number of shares	Amount
As at 1 April 2018	5,000,000	500.00
Changes during the year		
As at 31 March 2019	5,000,000	500.00
Changes during the year	-	-
As at 31 March 2020	5,000,000	500.00

Particulars	Equity Shares	
	Number of shares	Amount
As at 1 April 2018	4,000,000	400.00
Changes during the year	-	-
As at 31 March 2019	4,000,000	400.00
Changes during the year	-	-
As at 31 March 2020	4,000,000	400.00



Note: 12 Other equity

Particulars	Refer following items	As at 31st March, 2020	As at 31st March, 2019
<b>Reserve and Surplus</b>			
General Reserve	(i)	344.97	330.92
FVOCI-equity investments	(ii)	6.46	13.57
Surplus in the Statement of Profit and Loss	(iii)	(2.47)	(2.47)
		<b>348.96</b>	<b>342.02</b>

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>(i) General Reserve</b>		
Balance as at the beginning of the year	330.92	289.31
<b>Add:</b>		
Transferred from surplus in the statement of profit and loss during the year	14.05	41.62
<b>Balance as at the end of the year</b>	<b>344.97</b>	<b>330.92</b>
<b>(ii) FVOCI equity investments</b>		
Balance as at the beginning of the year	13.57	(1.64)
Changes in fair value of FVOCI equity instruments	(7.55)	18.40
Deferred tax	0.44	(3.18)
<b>Balance as at the end of the year</b>	<b>6.46</b>	<b>13.57</b>
<b>(iii) Surplus in the Statement of Profit and Loss/ Retained earnings</b>		
Balance as at the beginning of the year	(2.47)	(2.46)
Profit/ (Loss) for the year	14.05	41.61
Items of other comprehensive income:		
Transfer to General Reserve	(14.05)	(41.62)
<b>Balance as at the end of the year</b>	<b>(2.47)</b>	<b>(2.47)</b>
<b>Total</b>	<b>348.96</b>	<b>342.02</b>

Notes:

**(i) General Reserve**

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn.

**(ii) FVOCI- equity investments**

The Company has elected to recognise changes in the fair value of all investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.



**Gloster Specialities Limited**  
**Notes to the standalone financial statements**

(All amounts in INR lakhs , unless otherwise stated)

**Note: 13 Other financial liabilities - current**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Other payables	0.65	0.18
<b>Total</b>	<b>0.65</b>	<b>0.18</b>

**Note: 14 Other Current tax liabilities (net)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for taxation [Net of Advance tax : Rs.2.95 lakhs] [31.03.2019 : Rs 0.77 lakhs]	0.34	1.60
<b>Total</b>	<b>0.34</b>	<b>1.60</b>





**Gloster Specialities Limited**  
**Notes to the standalone financial statements**

(All amounts in INR lakhs , unless otherwise stated)

**Note: 15 Other income**

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
(a) Interest income from financial assets at amortised cost:	48.45	62.20
(b) Dividend income from investments mandatorily measured at FVOCI & FVTPL	1.40	1.99
<b>(c) Other non-operating income</b>		
(i) Net gains (losses) on fair value changes		
Net gain on sale of investments		0.06
<b>Total</b>	<b>49.85</b>	<b>64.25</b>



**Gloster Specialities Limited**  
**Notes to the standalone financial statements**

(All amounts in INR lakhs , unless otherwise stated)

**Note: 16 Other expenses**

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Rates and taxes	0.05	0.05
Miscellaneous expenses	4.12	4.45
Net losses on fair value changes on investments classified at FVTPL	22.63	13.60
Net loss on sale of investments	1.70	-
<b>Total</b>	<b>28.50</b>	<b>18.10</b>

**(a) Miscellaneous expenses includes remuneration to auditors for :**

Particulars	Year ended 31st March, 2020	31 March 2019
Audit Fees	0.25	0.15
Other Services	0.30	-
GST	0.10	0.03
<b>Total</b>	<b>0.65</b>	<b>0.18</b>

Including Rs. 0.24 lakhs, previous year Rs. 0.18 lakhs relating to the preceding auditor



17. Earnings per equity share (EPS)

Net profit for the year has been used as the numerator and number of shares have been used as denominator for calculating the basic and diluted earnings per share

Particulars	Year ended	Year ended
	31st March, 2020	31 March 2019
<b>(I) Basic</b>		
a. Net Profit after tax (Rs. in lakhs)	14.05	41.62
b. (i) Number of Equity Shares at the beginning of the year	4,000,000	4,000,000
(ii) Number of Equity Shares at the end of the year	4,000,000	4,000,000
(iii) Weighted average number of Equity Shares outstanding during the year	4,000,000	4,000,000
(iv) Face Value of Equity Share (Rs.)	10	10
c. Basic Earning / (Loss) per share [a/b (iii)] (Rs.)	0.35	1.04
<b>(II) Diluted</b>		
a. Dilutive Potential Equity Shares	-	-
b. Weighted average number of Equity Shares for computing diluted earnings per shares [(I)b(iii)+(II)a] *	4,000,000	4,000,000
c. Diluted Earning / (Loss) per Share [(I)(a) / (II)(b)] (Rs.) *	0.35	1.04



**Gloster Specialities Limited**  
**Notes to the standalone financial statements**

(All amounts in INR lakhs, unless otherwise stated)

**Note: 18 Income tax expense**

This note provides an analysis of the Company's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

**(a) Income tax expense**

Particulars	31 March 2020	31 March 2019
<b>Current tax</b>		
Current tax on profits for the year	11.37	10.40
Adjustments for current tax of prior periods	(3.77)	-
<b>Total current tax expense</b>	<b>7.60</b>	<b>10.40</b>
<b>Deferred tax</b>		
Decrease (increase) in deferred tax assets	(0.30)	-
(Decrease) increase in deferred tax liabilities	-	(5.87)
<b>Total deferred tax expense/(benefit)</b>	<b>(0.30)</b>	<b>(5.87)</b>
<b>Income tax expense</b>	<b>7.30</b>	<b>4.53</b>

**(b) Amounts recognised directly in other comprehensive income**

Particulars	31 March 2020	31 March 2019
<i>The amount of income tax relating to each component of other comprehensive income</i>		
(i) FVOCI equity instruments		
- Current tax	-	-
- Deferred tax	0.44	(3.18)
	<b>0.44</b>	<b>(3.18)</b>

**(c) Reconciliation of tax expense and the accounting profit multiplied by tax rate:**

Particulars	31 March 2020	31 March 2019
Profit before tax	21.35	46.15
	<b>4.88</b>	<b>12.00</b>
<b>Tax at the indian tax rate of 22.88% (31.03.2019-26%)</b>		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	(3.21)	(6.11)
Tax effect on Mark to Market Gain on Investment classified at FVTPL	5.18	-
Impact of change in tax rate	-	1.82
Tax effect on gains on which tax has been recognised in OCI	0.44	(3.18)
<b>Total income tax expense/(credit)</b>	<b>7.30</b>	<b>4.53</b>



19 Fair Value Measurements

(i) Financial Instruments by category

	As at '31 March 2020	As at 31 March 2019
	Carrying Amount/ Fair Value	Carrying Amount/ Fair Value
<b>FINANCIAL ASSETS</b>		
Assets carried at Fair Value through OCI		
Investments		
-Equity Instruments	47.38	54.93
Assets carried at Fair Value through Profit or Loss		
Investments		
-Mutual Funds	29.85	-
- Debts/Bonds	155.27	425.63
Assets carried at Amortized Cost		
-Loans	50.00	150.00
-Cash and Cash Equivalents	2.38	0.45
-Bank Balances other than above	450.00	88.00
-Other Financial Assets	6.81	19.48
<b>Total Financial Assets :</b>	<b>741.69</b>	<b>738.49</b>
<b>FINANCIAL LIABILITIES</b>		
Liabilities carried at Amortized Cost		
-Other Financial Liabilities	0.65	0.18
<b>Total Financial Liabilities :</b>	<b>0.65</b>	<b>0.18</b>

(ii) Fair Value

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of financial assets and liabilities are included at the amount 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 following methods and assumptions were used to estimate the fair values:

(i) The fair value of investments in equity instruments are based on their quoted market prices as at the reporting date.

(ii) The fair values of the mutual funds are based on their published Net Asset Values at the reporting date. The fair value of quoted bonds is valued using closing price or dealers quotation as at the reporting date.

(iii) The management assessed that fair values of loans, trade receivables, cash and cash equivalents, other bank balances, other financial assets (current), trade payables and other financial liabilities (current) approximate their carrying amounts largely due to the short-term maturities of these instruments.

(iii) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows below.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing Net Asset Value.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. If one or more of the significant inputs is not based on observable market data, the same is, included in level 3.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between levels 1 and 2 during the current year and previous year.



31 March 2020

	Level 1	Level 2	Level 3	Total
<b>Recognised and measured at fair value - Recurring measurements</b>				
<b>Financial Assets</b>				
<b>Investments</b>				
Quoted Equity Instruments	47.38	-	-	47.38
Mutual Fund Units	29.85	-	-	29.85
Debts/Bonds	155.27	-	-	155.27
<b>Total</b>	<b>232.50</b>	<b>-</b>	<b>-</b>	<b>232.50</b>

31 March 2019

	Level 1	Level 2	Level 3	Total
<b>Recognised and measured at fair value - Recurring measurements</b>				
<b>Financial Assets</b>				
<b>Investments</b>				
Quoted Equity Instruments	54.93	-	-	54.93
Mutual Fund Units	-	-	-	-
Debts/Bonds	425.63	-	-	425.63
<b>Total</b>	<b>480.56</b>	<b>-</b>	<b>-</b>	<b>480.56</b>



## 20 Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk. The Company's management oversees the management of above risks. This process provides assurance to the Company's management that the Company's financial risks-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and the Company's risk appetite.

### a) Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The Company is exposed to credit risk from its investing activities (primarily deposits with banks and investments in equity instruments, bonds and Mutual Funds).

### b) Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and maintains adequate sources of financing.

### Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### Contractual maturities of financial liabilities

31 March 2020

	Within 1 year	Total
Other financial liabilities	0.65	0.65
<b>Total</b>	<b>0.65</b>	<b>0.65</b>

31 March 2019

	Within 1 year	Total
Other financial liabilities	0.18	0.18
<b>Total</b>	<b>0.18</b>	<b>0.18</b>

### Market risk

#### Securities Price risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The Company invests its surplus funds in various debt instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds and fixed deposits. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

Fixed deposits are held with highly rated banks and have a short tenure and are not subject to interest rate volatility.

The Company is not an active investor in equity markets; it continues to hold certain investments in equity which are accordingly measured at fair value through Other Comprehensive Income. Accordingly, fair value fluctuations arising from market volatility is recognised in Other Comprehensive Income.

#### (a) Securities Price Risk Exposure

The Company's exposure to securities price risk arises from investments in equity/mutual funds/bonds held by the Company and classified in the Balance Sheet as fair value through profit or loss / OCI.

#### (b) Sensitivity

The sensitivity of changes in interest rates / Net Assets Values (NAVs) as at year end on investments :

	Year ended 31/Mar/20	Year ended 31/Mar/19
Impact of changes on Total OCI - Increase by 1%*	2.33	4.81
Impact of changes on Total OCI - Decrease by 1%*	(2.33)	(4.81)

\* Holding all other variables constant

21 There are no amounts due/overdue to micro and small enterprises to the extent these have been identified from the available information.



22 Previous year's figures have been re-grouped / re-arranged wherever necessary.

The accompanying notes are an integral part of this financial statements  
This is the balance sheet referred to in our report of even date

**For Lakhota & Co.**  
Firm Registration No. 313149E  
Chartered Accountants  
*Lakhota*  
Naresh Lakhota  
Partner  
Membership No. 51249

*Naresh Lakhota*  
*Naresh Lakhota*  
.....  
.....  
.....  
Directors

Place: Kolkata  
Dated: 27<sup>th</sup> July, 2020

