

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Dolvi Minerals & Metals Private Limited Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Dolvi Minerals & Metals Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and 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 financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its loss, total comprehensive loss, its changes in equity and cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Information Other than the Financial Statements and Auditor's Report Thereon

- 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 financial statements and our auditor's report thereon.
- Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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.

### **Management's Responsibility for the Financial Statements**

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

In preparing the 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 Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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.



## **Deloitte Haskins & Sells LLP**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

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

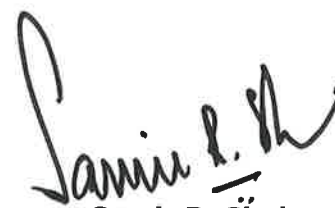
1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required 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 including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.



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- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position;
    - 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/ W-100018)



**Samir R. Shah**

Partner

Membership No. 101708

Mumbai, 30 April 2019

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting 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 Dolvi Minerals & Metals Private Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial 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.

**Auditor's 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



**Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

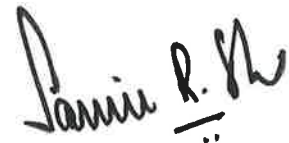
**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, 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 31 March 2019, based on the internal financial 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 Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/ W-100018)



**Samir R. Shah**

Partner

Membership No. 101708

Mumbai, 30 April 2019

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

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

- (i) The Company does not have any property, plant and equipment and hence reporting under paragraph 3(i) of the Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under paragraph 3(ii) of the Order is not applicable.
- (iii) The Company has not granted during the year any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of making investments, as applicable. The Company has not granted any loans and provided guarantees or securities during the year.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit and hence reporting under paragraph 3(v) of the Order is not applicable.
- (vi) Having regard to the nature of the Company's business/ activities, reporting under paragraph 3(vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Income-tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. As informed to us the provisions of Provident Fund and Employees' State Insurance were not applicable to the Company during the year.
  - (b) There were no undisputed amounts payable in respect of Income-tax, Goods and Services Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Goods and Services Tax, Sales tax, Service Tax, Customs Duty, Excise Duty and Value added Tax as on 31 March 2019 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders. The Company has not taken any loans or borrowings from financial institutions and government.



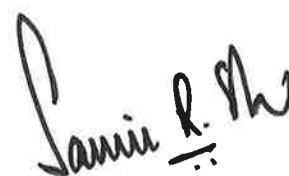
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- (ix) In our opinion and according to the information and explanation given to us, money raised by way of issue of non-convertible debentures have been applied by the Company during the year for the purpose for which they were raised, other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer / further public offer / term loans during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm Registration No. 117366W/ W-100018)



**Samir R. Shah**

Partner

Membership No. 101708

Mumbai, 30 April 2019



# Dolvi Minerals & Metals Private Limited

## BALANCE SHEET

Rs. in thousands

	Notes No.	As at March 31, 2019	As at March 31, 2018
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Financial assets			
Investments in a subsidiary	2	1,08,33,337	75,03,036
(b) Current tax assets		39,363	32,710
<b>Total non current assets</b>		<b>1,08,72,700</b>	<b>75,35,746</b>
<b>(2) Current assets</b>			
(a) Financial assets			
(i) Trade receivables	3	1,24,753	-
(ii) Cash and cash equivalents	4	9,397	3,24,194
(iii) Bank balances other than (ii) above	5	2,44,712	10,69,808
(iv) Loans	6	1,96,417	-
(v) Others	7	30,969	18,191
(b) Current tax assets		34,115	50,729
(c) Other current assets	8	1,132	1,542
<b>Total current assets</b>		<b>6,41,495</b>	<b>14,64,464</b>
<b>TOTAL ASSETS</b>		<b>1,15,14,195</b>	<b>90,00,210</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	9	35,00,100	10,00,100
(b) Other equity	10	(40,02,162)	(27,04,916)
<b>Total equity</b>		<b>(5,02,062)</b>	<b>(17,04,816)</b>
<b>(2) Non current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	11	-	70,00,000
(ii) Other financial liabilities	12	-	35,54,524
<b>Total non current liabilities</b>		<b>-</b>	<b>1,05,54,524</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	13		
a. Total outstanding dues of micro enterprises and small enterprises			
b. Total outstanding dues of creditors other than micro enterprises and small enterprises		1,17,587	1,47,319
(ii) Other financial liabilities	14	1,18,96,698	1,849
(b) Other current liabilities	15	1,972	1,334
<b>Total current liabilities</b>		<b>1,20,16,257</b>	<b>1,50,502</b>
<b>Total liabilities</b>		<b>1,20,16,257</b>	<b>1,07,05,026</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,15,14,195</b>	<b>90,00,210</b>

See accompanying notes to the Financial Statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants



**SAMIR R. SHAH**  
Partner

For and on behalf of the Board of Directors



**GAURAJ SINGH RATHORE**  
Director



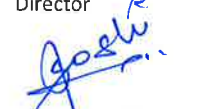
**ANUNAY KUMAR**  
Director



**MALLINENI SUKUMAR**  
Chief Executive Officer



**SUNIL GARG**  
Chief Financial Officer



**SAANIA JOSHI**  
Company Secretary

Place: Mumbai

Date: 30.04.2019



**Dolvi Minerals & Metals Private Limited****STATEMENT OF PROFIT AND LOSS**

Rs. in thousands, except per share data and as stated otherwise

	Notes No.	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Revenue</b>			
<b>I. Revenue from operations</b>	16	1,26,911	1,50,359
<b>II. Other income</b>	17	81,659	1,05,172
<b>III. Total Income (I+II)</b>		<b>2,08,570</b>	<b>2,55,531</b>
<b>IV. Expenses</b>			
Purchase of traded goods	20 (1) (B)	1,20,601	1,44,277
Finance costs	18	13,48,191	11,95,036
Other expenses	19	14,156	4,682
<b>Total expenses</b>		<b>14,82,948</b>	<b>13,43,995</b>
<b>V. Loss before tax ( III- IV )</b>		<b>(12,74,378)</b>	<b>(10,88,464)</b>
<b>VI. Tax expense:</b>			
Current tax		-	-
Deferred tax		-	-
<b>VII. Loss for the year</b>		<b>(12,74,378)</b>	<b>(10,88,464)</b>
<b>VIII. Other comprehensive income/(loss)</b>		-	-
<b>IX. Total comprehensive loss for the year</b>		<b>(12,74,378)</b>	<b>(10,88,464)</b>
<b>X. Earnings per equity share (of Rs. 10/- each):</b>			
Basic and Diluted	20 (3)	(6.24)	(10.88)

See accompanying notes to the Financial Statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

  
**SAMIR R. SHAH**  
Partner

For and on behalf of the Board of Directors

  
**GAJRAJ SINGH RATHORE**  
Director  
**ANUNAY KUMAR**  
Director  
**MALLINENI SUKUMAR**  
Chief Executive Officer  
**SUNIL GARG**  
Chief Financial Officer  
**SAANIA JOSHI**  
Company Secretary

Place: Mumbai

Date: 30.04.2019



# Dolvi Minerals & Metals Private Limited

## Statement of Changes in Equity (SOCIE)

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
(a) Equity share capital				
Balance at the beginning of the year	10,00,10,000	10,00,100	10,00,10,000	10,00,100
Changes in equity share capital during the year	25,00,00,000	25,00,000	-	-
Balance at the end of the year	35,00,10,000	35,00,100	10,00,10,000	10,00,100

### (b) Other equity

Particulars	Rs. in thousands	
	Reserves and Surplus	Retained earnings
Balance at March 31, 2017	(16,16,452)	
Loss for the year	(10,88,464)	
Balance at March 31, 2018	(27,04,916)	
Loss for the year	(12,74,378)	
Share issue expenses	(22,868)	
Balance at March 31, 2019	(40,02,162)	

See accompanying notes to the Financial Statements

In terms of our report attached  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

  
**SAMIR R. SHAH**  
Partner


Place: Mumbai  
Date: 30.04.2019

For and on behalf of the Board of Directors

  
**GAURAJ SINGH RATHORE**  
Director

  
**ANUNAY KUMAR**  
Director

  
**SUNIL GARG**  
Chief Financial Officer

  
**MALLINENI SUKUMAR**  
Chief Executive Officer

  
**SAANIA JOSHI**  
Company Secretary

**DOLVI MINERALS & METALS PRIVATE LIMITED**  
Statement of Cash Flows

Rs. in thousands

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A. Cash flow from operating activities</b>		
Loss before tax	(12,74,378)	(10,88,464)
<b>Adjustments for :</b>		
Interest income on bank deposits	(37,115)	(98,496)
Interest on loan to subsidiary	(11,059)	-
Commission on pledge of shares	(31,538)	(6,276)
Premium on zero coupon non convertible debentures	13,41,992	11,90,608
Unrealised exchange (gain) / loss	(3,373)	-
Commission paid on pledge of shares by holding company	3,000	3,000
	<u>12,61,907</u>	<u>10,88,836</u>
Operating loss / (profit) before working capital changes	(12,471)	372
<b>Changes in working capital</b>		
<b>Adjustments for (increase) /decrease in operating assets:</b>		
Trade receivables	(1,24,753)	2,60,131
Loans and advances and other assets	410	(1,280)
<b>Adjustments for increase/(decrease) in operating liabilities:</b>		
Trade payables	(26,359)	(99,582)
Liabilities	(1,029)	2,595
	<u>(1,51,731)</u>	<u>1,61,864</u>
Cash (used in) / generated from operations	(1,64,202)	1,62,236
Direct taxes paid	9,961	(10,163)
Net cash (used in) / generated from operating activities (A)	<u>(1,54,241)</u>	<u>1,52,073</u>
<b>B. Cash flow from investing activities</b>		
Investment in a subsidiary including advances	(33,30,301)	(9,21,132)
Loan to a subsidiary	(1,96,417)	-
Interest income on bank deposits	46,581	1,51,104
Interest on loan to subsidiary	1,106	-
Commission income on pledge of shares of a subsidiary	19,247	(816)
Bank balances not considered as cash and cash equivalents (net)	8,25,096	8,00,224
Net cash (used in) / generated from investing activities (B)	<u>(26,34,688)</u>	<u>29,380</u>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares	25,00,000	-
Share issue expenses	(22,868)	-
Commission paid on pledge of shares by holding company	(3,000)	(3,000)
Net cash flow used in financing activities (C)	<u>24,74,132</u>	<u>(3,000)</u>
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(3,14,797)	1,78,453
Cash and cash equivalents at the beginning of the year	3,24,194	1,45,741
Cash and cash equivalents at the end of the year	<u>9,397</u>	<u>3,24,194</u>

**Reconciliation of cash and cash equivalents with the consolidated balance sheet:**

- The cash flow statement is prepared using the "indirect method" set out in Indian Accounting Standard 7 "Statement of Cash Flows".
- Reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities


Rs. in thousands

Particulars	As at March 31, 2018	Cash flows	Non-cash changes	As at March 31, 2019
Equity share capital	10,00,100	25,00,000		35,00,100
Long-term borrowings (including current maturities)	70,00,000	-	-	70,00,000
Premium payable on redemption of NCDs	35,54,524	-	13,41,992	48,96,516
<b>Total</b>	<b>1,15,54,624</b>	<b>25,00,000</b>	<b>13,41,992</b>	<b>1,53,96,616</b>

See accompanying notes to the Financial Statements

In terms of our report attached  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

For and on behalf of the Board of Directors



**SAMIR R SHAH**  
Partner



**GAJRAJ SINGH RATHORE**  
Director



**ANUNAY KUMAR**  
Director



**MALLINENI SUKUMAR**  
Chief Executive Officer



**SUNIL GARG**  
Chief Financial Officer



**SAANIA JOSHI**  
Company Secretary

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**1A. General Information**

Dolvi Minerals & Metals Private Limited. ("the Company") is a private limited company incorporated in India on August 22, 2014 under the Companies Act, 2013 with its registered office located at JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra.

The Company through its wholly owned subsidiary namely Dolvi Coke Projects Limited is setting up 3.0 MTPA Recovery Type Coke Oven Plant consisting of 4 Coke Oven Batteries of capacity 0.75 MTPA each at Dolvi, Maharashtra. The Company is also engaged in the business of purchase and sale of Iron and Steel Products.

**1B. Significant Accounting policies**

**Amendments to Ind AS that are notified and adopted by the Company**

The Ministry of Corporate Affairs on March 28, 2018 vide the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the "Rules") notified new revenue standard Ind AS 115, Revenue from Contracts with Customers, and other amendments to certain existing Ind AS effective from the period beginning on or after April 1, 2018.

- a. The Company has adopted Ind AS 115, with the date of initial application of April 1, 2018 following the cumulative effective method – i.e. by recognising the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balance of equity as at April 1, 2018. Therefore, the comparative information has not been restated and continues to be reported under erstwhile Ind AS 18 'Revenue' and Ind AS 11 'Construction contracts'.

Ind AS 115 modifies the determination of how much revenue to recognise, and when, and introduces a single principle based five-step model to be applied to all the contracts with the customers. Ind AS 115 replaces the separate models for goods, services and construction contracts currently included in Ind AS 18 and Ind AS 11.

As per Ind AS 115, the Company recognises revenue when control over the promised goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. In case of the Company, the timing for recognition of revenue under Ind AS 115 coincides with the revenue recognised as per Ind AS 18 following principle of transfer of risk and rewards of ownership in the goods upon its delivery to the customer. Accordingly, the adoption of Ind AS 115 has no impact on the opening balance of equity as at April 1, 2018.

- b. The application of Appendix B, (Foreign Currency Transactions and Advance Considerations) to Ind AS 21, "The Effects of Changes in Foreign Exchange Rates" with effect from April 1, 2018 does not have any impact, as the Company used to determine the exchange rate of the date on which advance consideration in foreign currency been received or paid for the purpose of initial recognition of related asset, expense or income.

**New Standards issued but not yet effective:**

- a. Ind AS 116, Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. 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 a lessee to recognise 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 a practical expedient, it is permitted to not apply this standard to contracts that were not previously identified as containing lease applying Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- i. Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- ii. Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- i. Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- ii. An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

There is no impact upon adoption of Ind AS 116.

- b. Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments, which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

There is no effect on adoption of Ind AS 12 Appendix C in the Financial Statements.

- c. Amendment to Ind AS 12 – Income taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the 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 amendment will be effective from April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements.



- d. Amendment to Ind AS 19 – plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- i. to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- ii. to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

There is no impact of adoption of this amendment.

### **1C. Statement of compliance**

The Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016. The aforesaid standalone financial statements have been approved by the Board of Directors in the meeting held on April 30, 2019.

### **1D. Basis of preparation and presentation**

The Financial Statements are prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The directors of the Company have given careful consideration to the liquidity of the Company especially in light of the fact that its current liabilities exceeded its current assets as at March 31, 2019 by Rs. 11,374,762 thousands. The Company plans to meet the said deficit for the forthcoming year by generating internal accruals from interest income on fixed deposits and receiving the continual financial support from the Parent Company. Having regard to the above, the financial statements have been prepared on a going concern basis.

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest thousands, except otherwise indicated.

### **1E. Significant Accounting Policies**

#### **I. Revenue recognition**

Revenue is recognized to the extent it is probable that the economic benefit will flow to the Company and it can be measured reliably.

##### Sale of goods

The Company recognises revenue when control over the promised goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.



## DOLVI MINERALS & METALS PRIVATE LIMITED

The Company recognises revenue generally at the point in time when the products are delivered to customer or when it is delivered to a carrier for export sale, which is the point of time when the control over product is transferred to the customer.

In contracts where freight is arranged by the Company and recovered from the customers, the same is treated as a separate performance obligation and revenue is recognised when such freight services are rendered.

Revenue is adjusted for variable consideration such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items in a contract when they are highly probable to be provided.

The amount of revenue excludes any amount collected on behalf of third parties or government such as goods and service tax levied on sales.

### Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## II. Foreign currencies

The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR).

In preparing the financial statements of the entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks.

## III. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.





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 interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on that asset.

The Company suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

#### **IV. Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

##### Current tax

Current tax is the amount of tax payable based on the taxable profit for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance Sheet date.

##### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Standalone Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

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 all or part of the asset to be recovered.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



**V. Provisions, contingencies and commitments**

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A disclosure for contingent liabilities is made where there is-

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) a present obligation that arises from past events but is not recognized because:
  - i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

**VI. Investment in subsidiary**

Investment in subsidiary is shown at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

**VII. Financial Instruments**

Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.



**A. Financial assets**

**a) Initial recognition and measurement**

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

**b) Subsequent measurement:**

Financial assets carried at amortised cost - A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVTOCI) - A financial asset is measured at fair value through other comprehensive income if it is 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.

Financial assets at fair value through profit or loss (FVTPL) - A financial asset which is not classified in any of the above categories are fair valued through profit or loss.

Financial assets, other than equity instruments, are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the entity's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

**Equity Investments:**

All equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'

**c) Impairment**

The Company recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost and at FVOCI. The credit loss is difference between all contractual cash flows that are due to an entity 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. This is assessed on an individual or collective basis after considering all reasonable and supportable including that which is forward-looking.

The Company's trade receivables or contract revenue receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall, being simplified approach for recognition of impairment loss allowance.

Under simplified approach, the Company does not track changes in credit risk. Rather it recognizes impairment loss allowance based on the lifetime ECL at each reporting date right from its initial recognition.



The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables.

The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For financial assets other than trade receivables, the Company recognises 12-months expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. If, in a subsequent period, credit quality of the instrument improves such that there is no longer significant increase in credit risks since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12 months ECL. The impairment losses and reversals are recognised in Statement of Profit and Loss. For equity instruments and financial assets measured at FVTPL, there is no requirement for impairment testing.

**d) Derecognition**

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Statement of Profit or Loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.



**B. Financial liabilities and equity instruments**

a) **Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b) **Equity instruments**

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

c) **Initial recognition and measurement:**

All financial liabilities are recognized initially at fair value and in case of loans net of directly attributable cost. Fees of recurring nature are directly recognised in profit or loss as finance cost.

d) **Subsequent measurement:**

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

e) **Derecognition:**

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

**C. Derivative financial instruments**

The Company enters into a derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Profit and Loss depends on the nature of the hedge item.



**D. 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, to realise the assets and settle the liabilities simultaneously.

Fair value measurement:

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability, or
  - ii) In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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.

**1F. Key sources of estimation uncertainty**

In the course of applying the policies outlined in all notes under section 1B above, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.



### Key sources of estimation uncertainty

i) Impairment of investments in subsidiaries

Determining whether the investment in subsidiary is impaired requires an estimate in the value in use of investment. In considering the value in use, the Directors have anticipated the future commodity prices, capacity utilization of plants, operating margins, discount rates and other factors of the underlying businesses/ operations of the investee company. Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investment.

ii) Provisions and liabilities

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

iii) Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

iv) Fair value measurements

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

v) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.



## Dolvi Minerals & Metals Private Limited

Notes forming part of the financial statements

Rs. in thousands

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Note 2</b>		
<b>Non-current investment (carried at cost or deemed cost)</b>		
<b>Equity instruments of a subsidiary (unquoted)</b>		
1,083,333,662 ( March 31, 2018: 750,303,583) equity shares of INR 10/- each of Dolvi Coke Projects Limited	1,08,33,337	75,03,036
(55,25,00,168 ( March 31,2018: 37,24,71,264 ) equity shares have been pledged in favour of a lender of the subsidiary)		
	<u>1,08,33,337</u>	<u>75,03,036</u>
<b>Aggregate amount of unquoted investments</b>	<b>1,08,33,337</b>	<b>75,03,036</b>
<b>Note 3</b>		
<b>Trade receivables</b>		
Trade receivables considered good - unsecured	1,24,753	-
	<u>1,24,753</u>	<u>-</u>
<p>The credit period on sale of traded goods ranges from 7 to 90 days credit generally with or without security.</p> <p>The Company does not generally hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.</p> <p>In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. As at March 31, 2019 there are no trade receivables which are past due. The Company has had no history of credit default.</p>		
<b>Note 4</b>		
<b>Cash and cash equivalents</b>		
Balance with banks :		
i ) In current account	9,397	2,373
ii) In term deposit with maturity of less than 3 months at inception	-	3,21,821
	<u>9,397</u>	<u>3,24,194</u>
<b>Note 5</b>		
<b>Other bank balances</b>		
In term deposit	1,05,797	-
In margin money	1,38,915	10,69,808
	<u>2,44,712</u>	<u>10,69,808</u>
<b>Note 6</b>		
<b>Loans</b>		
Loan to a subsidiary considered good - unsecured (refer note 20(1)(C))	1,96,417	-
	<u>1,96,417</u>	<u>-</u>
<p>The above loan has been given for working capital requirement and general corporate purpose</p>		
<b>Note 7</b>		
<b>Other current financial assets</b>		
Interest accrued on loan to subsidiary (refer note 20 (1)(C))	9,953	-
Interest accrued but not due on term deposits	1,633	11,099
Commission on pledge of shares receivable (refer note 20 (1)(C))	19,383	7,092
	<u>30,969</u>	<u>18,191</u>
<b>Note 8</b>		
<b>Other current assets</b>		
Indirect tax balances with government authorities	1,132	1,542
	<u>1,132</u>	<u>1,542</u>





## Notes forming part of the financial statements

Particulars	As at		As at	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	No of shares		Amount (Rs. In thousands)	
<b>Note 9</b>				
<b>Equity share capital</b>				
<b>a Authorised :</b>				
Equity Shares of the par value of Rs.10 each	1,00,00,00,000	10,00,10,000	1,00,00,000	10,00,100
<b>b Issued, Subscribed and Paid up:</b>	35,00,10,000	10,00,10,000	35,00,100	10,00,100
<b>c Reconciliation of number of shares outstanding at the beginning and end of the year :</b>				
<b>Equity share :</b>				
Outstanding at the beginning and at the end of the year	10,00,10,000	10,00,10,000	10,00,100	10,00,100
Equity Shares issued during the year in consideration for cash	25,00,00,000	-	25,00,000	-
<b>Outstanding at the end of the year</b>	<b>35,00,10,000</b>	<b>10,00,10,000</b>	<b>35,00,100</b>	<b>10,00,100</b>

**d Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**e Shareholders holding more than 5% shares in the Company are set out below:****Equity share**

	As at		As at	
	March 31, 2019		March 31, 2018	
	No. of Shares	% of shares	No. of Shares	% of shares
JSW Steel Limited	35,00,10,000	100.00%	4,00,00,000	40.00%
Enam Shares & Securities Private Limited	-	-	3,05,00,000	30.50%
Standard Chartered Private Equity (Mauritius) II Limited	-	-	1,95,00,000	19.50%
Axis Bank Limited	-	-	1,00,00,000	10.00%

f On October 23, 2018, JSW Steel Limited acquired an additional stake of 60.004% of the equity share capital of the Company from the existing shareholders of the Company. Pursuant to such acquisition, the Company has become wholly owned subsidiary of JSW Steel Limited. Further during the year, the Company increased the authorized share capital to Rs. 1,00,00,000 thousands and has issued additional equity share capital of Rs 25,00,000 thousands to the JSW Steel Limited.



## Dolvi Minerals & Metals Private Limited

Notes forming part of the financial statements

Rs. in thousands

Particulars	As at	
	March 31, 2019	March 31, 2018

### Note 10

#### Other equity

Retained earnings	(40,02,162)	(27,04,916)
	<u>(40,02,162)</u>	<u>(27,04,916)</u>

### Note 11

#### Non-current borrowings

##### Debentures (Secured)-at amortized cost

Zero coupon non convertible debentures of Rs. 10 lacs each	-	70,00,000
	<u>-</u>	<u>70,00,000</u>

#### Terms of repayment

Secured zero coupon NCDs shall be redeemed at a premium of 12.15% p.a. accrued quarterly, on October 22, 2019.

#### Details of security

Zero coupon NCD's are secured by way of pledge of 40,000,000 equity shares of the Company, held by JSW Steel Limited.

### Note 12

#### Other non-current financial liabilities

Premium payable on redemption of NCDs	-	35,54,524
	<u>-</u>	<u>35,54,524</u>

### Note 13

#### Trade payables

Acceptances*	1,17,227	-
Other than acceptances (refer note 20 (1)(C))	360	1,47,319
	<u>1,17,587</u>	<u>1,47,319</u>

\* Acceptances include credit availed by the Company from bank for payment to supplier for traded goods purchased by the Company. The arrangements are interest-bearing and are payable within one year.

Payables Other than acceptances are normally settled within 1 to 180 days.

### Note 14

#### Other current financial liabilities

Current maturities of long term borrowing	70,00,000	-
Premium payable on redemption of NCDs	48,96,517	-
Interest accrued but not due on acceptances	181	-
Advance from a related party (refer note 20 (1)(C))	-	1,849
	<u>1,18,96,698</u>	<u>1,849</u>

### Note 15

#### Other current liabilities

Statutory liabilities	1,972	1,334
	<u>1,972</u>	<u>1,334</u>



## Dolvi Minerals & Metals Private Limited

Notes forming part of the financial statements

Rs. in thousands

Particulars	For the year ended	
	March 31, 2019	March 31, 2018
<b>Note 16</b>		
<b>A. Sales of products and Services</b>		
Sale of Traded goods (refer note 20 (1) (B) and 20 (4) (B))	1,25,766	1,48,150
<b>A</b>	<u>1,25,766</u>	<u>1,48,150</u>
<b>B. Other operating revenue</b>		
Refunds from suppliers	1,145	2,209
<b>B</b>	<u>1,145</u>	<u>2,209</u>
<b>Total</b>	<u><b>1,26,911</b></u>	<u><b>1,50,359</b></u>

### Implementation of Ind AS 115

Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018 replaces the existing revenue recognition standards. The application of Ind AS 115 did not have any significant impact on the Statement of Profit and Loss for the company. The company has assessed and determined the following categories for disaggregation of revenue:

	For the year ended March 31, 2019
<b>Revenue from contracts with customer - Sale of traded goods</b>	1,25,766
Other operating revenue	1,145
<b>Total revenue from contracts with customers</b>	<u><b>1,26,911</b></u>
<b>India</b>	1,25,766
Outside India	1,145
<b>Total revenue from contracts with customers</b>	<u><b>1,26,911</b></u>
<b>Timing of revenue recognition</b>	
At a point in time	1,26,911
Over a period of time	-
<b>Total revenue from contracts with customers</b>	<u><b>1,26,911</b></u>
<b>Contract balances</b>	
	As on
	March 31, 2019
Trade receivables	1,24,753
Contract liabilities	-

Trade receivables are non-interest bearing and the credit terms generally ranges from 30 to 90 days.

### Performance Obligation

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery.

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Note 17</b>		
<b>Other income</b>		
Interest income earned on financial assets that are not designated as FVTPL :		
Bank deposits	37,115	98,496
Loan given to a subsidiary ( refer note 20(1)(B))	11,059	-
Interest on income tax refund	1,902	-
Commission on pledge of shares of a subsidiary (refer note 20(1)(B))	31,538	6,276
Net gain on foreign currency transactions and translation	-	400
Provision no longer required written back	45	-
	<u><b>81,659</b></u>	<u><b>1,05,172</b></u>

### Note 18

#### Finance costs

Interest on acceptances	2,770	627
Premium on zero coupon non convertible debentures	13,41,992	11,90,608
Commission paid on pledge of shares by holding company (refer note 20(1) (B))	3,000	3,000
Other borrowing costs	429	801
	<u><b>13,48,191</b></u>	<u><b>11,95,036</b></u>

### Note 19

#### Other expenses

Rent (refer note 20(1)(B))	408	408
Legal and professional fees	1,156	975
Audit fees (refer note 20(4A))	1,279	1,359
Net loss on foreign currency transaction and translation	7,719	-
Rates and taxes	23	15
Sitting fees to directors	270	166
Reimbursement of employees cost (refer note 20(1)(B))	3,262	1,758
Miscellaneous expenses	39	1
	<u><b>14,156</b></u>	<u><b>4,682</b></u>



Note No. 20

1 Related party disclosures

A Name of the related parties:

Holding Company	JSW Steel Limited
Subsidiary Company	Dolvi Coke Projects Limited
Entities having significant influence over the Company (upto October 22, 2018)	Enam Shares & Securities Private Limited
	Standard Chartered Private Equity (Mauritius) II Limited
	Axis Bank Limited
Other related parties (Enterprises over which Key Management Personnel of the Company or parent company and relatives of such personnel exercise significant influence / control)	Amba River Coke Limited
	JSW International Tradecorp Pte Limited
Key Managerial Personnel	Mr. Anunay Kumar
	Ms. Saswati Goswami
	Mr. Gajraj Singh Rathore (from October 15, 2018)
	Mr. Mallineni Sukumar (from January 17, 2019)
	Mr. Sunil Garg (from October 30, 2018)
	Ms. Saania Shirish Joshi (from Janary 16, 2018)



Rs. in thousands

Particulars	Parent Company	Subsidiary company	Other related parties	Key Managerial Personnel	Total
<b>B Transactions with related parties</b>					
<b>Purchase of goods</b>					
JSW International Tradecorp Pte Limited	-	-	1,20,601	-	1,20,601
	-	-	(1,44,277)	-	(1,44,277)
<b>Rent paid (incl Service Tax / G&amp;ST)</b>					
JSW Steel Limited	481	-	-	-	481
	(478)	-	-	-	(478)
<b>Commission paid on pledge of shares (incl Service Tax / G&amp;ST)</b>					
JSW Steel Limited	3,540	-	-	-	3,540
	(3,447)	-	-	-	(3,447)
<b>Payroll Cost paid (incl Service Tax / G&amp;ST)</b>					
JSW Steel Limited	2,743	-	-	-	2,743
	(2,062)	-	-	-	(2,062)
<b>Amba River Coke Limited</b>					
	-	-	1,106	-	1,106
	-	-	-	-	-
<b>Total</b>	<b>2,743</b>	<b>-</b>	<b>1,106</b>	<b>-</b>	<b>3,849</b>
	<b>(2,062)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,062)</b>
<b>Remuneration paid</b>					
Mr. Anunay Kumar	-	-	-	120	120
	-	-	-	(80)	(80)
Ms. Saswati Goswami	-	-	-	150	150
	-	-	-	(80)	(80)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>270</b>	<b>270</b>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>(160)</b>	<b>(160)</b>
<b>Sale of goods</b>					
Amba River Coke Limited	-	-	-	-	-
	-	-	-	-	-
<b>Other income - Commission on pledge of shares (incl G&amp;ST)</b>					
Dolvi Coke Projects Limited	-	37,214	-	-	37,214
	-	(7,406)	-	-	(7,406)
<b>Reimbursement of expenses incurred on behalf of Company by</b>					
JSW Steel Limited	589	-	-	-	589
	(512)	-	-	-	(512)
Amba River Coke Limited	-	-	-	-	-
	-	(10)	-	-	(10)
<b>Total</b>	<b>589</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>589</b>
	<b>(512)</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>(522)</b>
<b>Advance received towards sale of goods</b>					
Amba River Coke Limited	-	-	-	-	-
	-	-	(1,50,000)	-	(1,50,000)
<b>Investment / Share application money given</b>					
Dolvi Coke Projects Limited	-	33,30,301	-	-	33,30,301
	-	(9,21,133)	-	-	(9,21,133)
<b>Loans given</b>					
Dolvi Coke Projects Limited	-	1,96,417	-	-	1,96,417
	-	-	-	-	-
<b>Interest income accrued on loan given</b>					
	-	11,059	-	-	11,059
	-	-	-	-	-
<b>Equity share issued</b>					
JSW Steel Limited	25,00,000	-	-	-	25,00,000
	-	-	-	-	-



Rs. in thousands

C Amount due to / from related parties					
<b>Trade payable</b>					
JSW International Tradecorp Pte Limited	-	-	-	-	-
	-	-	(1,44,706)	-	(1,44,706)
JSW Steel Limited	-	-	-	-	-
	(1,758)	-	-	-	(1,758)
<b>Total</b>	-	-	-	-	-
	(1,758)	-	(1,44,706)	-	(1,46,464)
<b>Trade receivables</b>					
Amba River Coke Limited	-	-	1,24,753	-	1,24,753
	-	-	-	-	-
<b>Loan given</b>					
Dolvi Coke Projects Limited	-	1,96,417	-	-	1,96,417
	-	-	-	-	-
<b>Interest accrued on loan given</b>					
Dolvi Coke Projects Limited (net of tds)	-	9,953	-	-	9,953
	-	-	-	-	-
<b>Other receivables</b>					
Dolvi Coke Project Limited	-	19,383	-	-	19,383
	-	(7,092)	-	-	(7,092)
<b>Other Liabilities (Advances from Customer)</b>					
Amba River Coke Limited	-	-	-	-	-
	-	-	(1,849)	-	(1,849)

Previous year figures have been disclosed in the brackets in the table above.

**Terms and conditions**

**Sales**

The sales to related party is in the ordinary course of business. Sales transaction is based on memorandum of understanding signed with related parties. For the year ended March 31, 2019, the Company has not recorded any loss allowances of trade receivable from related parties.

**Purchases**

The purchase from related party is in the ordinary course of business. Purchase transaction is based on normal commercial terms and conditions and market rates.

**Loan to a subsidiary**

The company had given loan to a subsidiary for working capital requirement and general corporate purposes. The loan balance as at March 31, 2019 was Rs. 1,96,117 thousands, ( as on March 31, 2018 : Rs. Nil). The loan is unsecured and carry an interest rate linked to 1 year SBI MCLR plus 100 basis points and repayable on August 26, 2019.



## 2 Segment reporting

The Company is in the business of iron ore and coal trading activity, primarily operated in India and regularly reviewed by the Chief Operating Decision Maker for assessment of Company's performance and resource allocation.

The Company has revenue from operations (based on location of the customer) within India only. Also all the non current assets other than financial instruments of the Company are located in India.

## 3 Earnings per share

Particulars	For the year ended	
	March 31, 2019	March 31, 2018
Basis for calculation of basic and diluted earnings per equity share is as under –		
Net loss for the year (A)	Rs. in thousands (12,74,378)	(10,88,464)
Equity shares at the beginning and end of the year	Nos. 10,00,10,000	10,00,10,000
Equity shares issued during the year	Nos. 25,00,00,000	-
Equity shares at the end of the year	Nos. 35,00,10,000	10,00,10,000
Weighted average number of equity shares for the purpose of calculating basic and diluted earnings per share (B)	Nos. 20,41,19,589	10,00,10,000
Earnings per share-basic and diluted (face value of Rs. 10 /- each) (A/B)	Rs. (6.24)	(10.88)

Note: There is no dilution to basic EPS during the year as there are no outstanding dilutive potential equity shares.

## 4 Additional Information

### A) Audit fees (net of Goods & Service Tax / Service tax) to the auditor comprises :

Particulars	Rs. in thousands	
	For the year ended March 31, 2019	March 31, 2018
Audit fees	1,250	1,350
Reimbursement of expenses	29	9
	<u>1,279</u>	<u>1,359</u>

### B) C.I.F value of imports

Particulars	Rs. in thousands	
	For the year ended March 31, 2019	March 31, 2018
Traded goods	1,20,601	1,44,277

### C) Expenditure incurred in foreign currency

Particulars	Rs. in thousands	
	For the year ended March 31, 2019	March 31, 2018
Interest and finance charges	2,770	627

D) The Board of Directors of the Company at their meeting held on October 30, 2018, considered and approved the Scheme of Amalgamation pursuant to sections 230 - 232 and other applicable provisions of the Companies Act 2013, providing for the merger of the Company with JSW Steel Limited, the holding company. The said scheme has been filed with National Company Law Tribunal and the merger is subject to regulatory approvals.



**Dolvi Minerals & Metals Private Limited**  
**Notes forming part of the financial statements**

**5 Taxation**

**India**

Indian companies are subject to Indian income tax on a standalone basis. Each entity is assessed to tax on taxable profits determined for each fiscal year beginning on April 1 and ending on March 31. For each fiscal year, the respective entities profit or loss is subject to the higher of the regular income tax payable or the minimum alternative tax ("MAT").

Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India adjusted in accordance with the provisions of the (Indian) Income Tax Act, 1961. such adjustments generally relate to depreciation of fixed assets, disallowances of certain provisions and accruals, deduction for tax holidays, the set-off of tax losses and depreciation carried forward and retirement benefit costs. Statutory income tax is charged at 30% plus a surcharge and education cess. MAT is assessed on book profits adjusted for certain items as compared to the adjustments followed for assessing regular income tax under normal provisions. MAT for the fiscal year 2018-19 is 19.24%. MAT paid in excess of regular income tax during a year can be set off against regular income taxes within a period of fifteen years succeeding the fiscal year in which MAT credit arises subject to the limits prescribed.

**a) Income tax expense/(benefit)-**

There is no current tax and deferred tax for the financial year 2018-19 and 2017-18.

**b) A reconciliation of income tax expense applicable to accounting profit / (loss) before tax at the statutory income tax rate to recognized income tax expense for the year indicated are as follows:**

Particulars	Rs. in thousand	
	For the year ended	
	March 31, 2019	March 31, 2018
Profit before tax	(12,74,378)	(10,88,464)
Enacted tax rate in India	26.00%	34.61%
Expected income tax expense / (benefit) at statutory tax rate	(3,31,338)	(3,76,695)
Expenses not deductible in determining taxable profits	3,08,825	3,12,717
Deferred tax assets on carried forward losses not recognised	22,513	63,978
Total	-	-

There are no income-tax related legal proceedings which are pending against the Company.

**c) Deferred tax assets / (liabilities)**

The Company has not recognised deferred tax asset on the business loss of Rs 3,915 thousands which will expire in AY 2024-25.





**Dolvi Minerals & Metals Private Limited**

**Notes forming part of the financial statements**

**6. Financial instruments – Fair values and risk management**

**A. Capital Management**

The Company's objective is to maintain a strong credit rating, healthy capital ratios and establish a capital structure that would maximise the return to stakeholders through optimum mix of debt and equity.

The Company's capital requirement is mainly to fund capital expenditure of its subsidiary. The principal source of funding of the Company has been, and is expected to continue to be, cash generated from its operations supplemented by funding from borrowings and the capital markets. The Company is not subject to any externally imposed capital requirements.

The Company monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes, interest bearing borrowings less cash and cash equivalents, bank balances other than cash and cash equivalents.

	<b>Rs. in thousands</b>	
	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
Long term borrowing (including current maturities and premium payable on redemption)	1,18,96,517	1,05,54,524
<b>Less :</b>		
Cash and cash equivalents	(9,397)	(3,24,194)
Bank balances other than cash and cash equivalents	(2,44,712)	(10,69,808)
<b>Net debt</b>	<b>1,16,42,408</b>	<b>91,60,522</b>
<b>Total equity</b>	<b>(5,02,062)</b>	<b>(17,04,816)</b>
<b>Gearing ratio</b>	<b>(23.19)</b>	<b>(5.37)</b>



## B. Categories of financial instruments

Carrying amounts of financial assets and financial liabilities are presented below.

Particulars	Rs. In thousands	
	March 31, 2019 Carrying value	March 31, 2018 Carrying value
<b>Financial assets</b>		
<b>Measured at amortized cost</b>		
Trade receivables	1,24,753	-
Cash and cash equivalents	9,397	3,24,194
Bank balances other than cash and cash equivalents	2,44,712	10,69,808
Loans	1,96,417	-
Other financial assets	30,969	18,191
<b>Total financial assets at amortised cost</b>	<b>6,06,248</b>	<b>14,12,193</b>
<b>Financial liabilities</b>		
<b>Measured at amortized cost</b>		
Borrowings (including premium payable on redemption of borrowings)	1,18,96,517	1,05,54,524
Trade payables	1,17,587	1,47,319
Other financial liabilities	181	1,849
<b>Total financial liabilities at amortised cost</b>	<b>1,20,14,285</b>	<b>1,07,03,692</b>

The following table summarises the fair value of financial assets and financial liabilities :

Particulars	Rs. In thousands			
	March 31, 2019		March 31, 2018	
	Fair Value	Level	Fair Value	Level
<b>Financial liability</b>				
Current / (Non Current)				
Borrowings (including premium payable on redemption of borrowings)	1,20,37,684	2	1,07,66,857	2

The fair value of the financial liability above had been determined in accordance with generally accepted pricing model based on discounted cash flow analysis , with the most significant input being the discount rate.

The fair value of other trade receivables, cash and cash equivalents, bank balances, other financial assets, trade payables and other financial liabilities are considered to be the same as their carrying amounts , due to their short term nature.

## C. Financial risk management

The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptance risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk Management policies and systems are reviewed regularly to reflect changes in the market conditions and the company's activities to provide reliable information to the management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

The risk management policies aims to mitigate the following risks arising from the financial instruments :

- Market risk
- Credit risk ; and
- Liquidity risk

## D. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed in the ordinary course of its business to risks related to changes in foreign currency exchange rates. The Company seeks to minimise the effect of the risk by using derivative financial Instruments to hedge exposure, as and when considered necessary

## E. Foreign currency risk management

The Company's functional currency is Indian Rupee (INR). The Company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's revenue from export markets and the costs of imports, primarily in relation to traded goods. The Company is exposed to exchange rate risk under its trade portfolio.

Adverse movements in the exchange rate between the Rupee and any relevant foreign currency result's in increase in the Company's overall payable position in Rupee terms without the Company having incurred additional payables and favourable movements in the exchange rates will conversely result in reduction in the Company's receivables in foreign currency.

The currency profile of financial assets and financial liabilities as at March 31, 2019 and March 31, 2018 are as below:

Particulars	Rs. In thousands					
	March 31, 2019			March 31, 2018		
	USD	INR	Total	USD	INR	Total
<b>Financial assets</b>						
Trade receivables	-	1,24,753	1,24,753	-	-	-
Cash and cash equivalents	-	9,397	9,397	-	3,24,194	3,24,194
Bank balances other than cash and cash equivalents	-	2,44,712	2,44,712	-	10,69,808	10,69,808
Loans	-	1,96,417	1,96,417	-	-	-
Other financial assets	-	30,969	30,969	-	18,191	18,191
<b>Total financial assets</b>	<b>-</b>	<b>6,06,248</b>	<b>6,06,248</b>	<b>-</b>	<b>14,12,193</b>	<b>14,12,193</b>
<b>Financial liabilities</b>						
Borrowings (including premium payable on redemption of borrowings)	-	1,18,96,517	1,18,96,517	-	1,05,54,524	1,05,54,524
Trade payables	1,17,227	360	1,17,587	1,44,706	2,613	1,47,319
Other financial liabilities	181	-	181	-	1,849	1,849
<b>Total financial liabilities</b>	<b>1,17,408</b>	<b>1,18,96,877</b>	<b>1,20,14,285</b>	<b>1,44,706</b>	<b>1,05,58,986</b>	<b>1,07,03,692</b>



## Notes forming part of the financial statements

The following table details the Company's sensitivity to a 1% increase and decrease in the INR against the relevant foreign currencies net of hedge accounting impact. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 1% against the relevant currency. For a 1% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

Particulars	Rs. in thousands			
	Increase		Decrease	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Payables	(1,174)	(1,447)	1,174	1,447

The Company has not entered into any forward exchange contract during the current and previous year ended March 31, 2019 and March 31, 2018

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

Particulars	As at March 31, 2019		As at March 31, 2018	
	US\$ equivalent	equivalent INR in thousand	US\$ equivalent	equivalent INR in thousand
Trade payables	16,94,730	1,17,227	22,24,737	1,44,706
Interest accrued but not due on acceptances	2,624	181	-	-

#### F. Interest rate management

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. The Company's exposure to fluctuations in cashflows due to change in interest rate is minimal as the Company's borrowings carry fixed interest rates.

#### G. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Company's credit risk arises principally from the trade receivables and cash & cash equivalents.

##### Trade receivables

Customer credit risk is subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits defined in accordance with the assessment. Trade receivables generally consists of related parties. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue receivables.

The Company's maximum exposure to the credit risk for the components of balance sheet as at March 31, 2019 and March 31, 2018 is the carrying amounts mentioned in Note no 3 (trade receivable note)

The history of trade receivables shows a nil allowance for bad and doubtful debts.

##### Cash and cash equivalents

The Company maintains its cash and cash equivalents with credit worthy banks and reviews it on ongoing basis.



## Notes forming part of the financial statements

## Financial instruments – Fair values and risk management (continued)

## H. Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

## Maturity profile of financial assets and financial liabilities

The following are the remaining contractual maturities of financial assets and liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Particulars	Carrying amount	Rs. in thousands		
		<1year	1-5 years	Total
<b>As at March 31, 2019</b>				
<b>Financial assets</b>				
Trade receivables	1,24,753	1,24,753	-	1,24,753
Cash and cash equivalents	9,397	9,397	-	9,397
Bank balances other than cash and cash equivalents	2,44,712	2,44,712	-	2,44,712
Loans	1,96,417	1,96,417	-	1,96,417
Other financial assets	30,969	37,726	-	37,726
<b>Total financial assets</b>	<b>6,06,248</b>	<b>6,13,005</b>	<b>-</b>	<b>6,13,005</b>
<b>Financial liabilities</b>				
Borrowings (including premium payable on redemption of borrowings)	1,18,96,517	1,27,23,747	-	1,27,23,747
Trade payables	1,17,587	1,17,587	-	1,17,587
Other financial liabilities	181	181	-	181
<b>Total financial liabilities</b>	<b>1,20,14,285</b>	<b>1,28,41,515</b>	<b>-</b>	<b>1,28,41,515</b>
<b>As at March 31, 2018</b>				
<b>Financial assets</b>				
Trade receivables	-	-	-	-
Cash and cash equivalents	3,24,194	3,24,194	-	3,24,194
Bank balances other than cash and cash equivalents	10,69,808	10,69,808	-	10,69,808
Other financial assets	18,191	29,688	-	29,688
<b>Total financial assets</b>	<b>14,12,193</b>	<b>14,23,690</b>	<b>-</b>	<b>14,23,690</b>
<b>Financial liabilities</b>				
Borrowings (including premium payable on redemption of borrowings)	1,05,54,524	-	1,27,23,746	1,27,23,746
Trade payables	1,47,319	1,47,319	-	1,47,319
Other financial liabilities	1,849	1,849	-	1,849
<b>Total financial liabilities</b>	<b>1,07,03,692</b>	<b>1,49,168</b>	<b>1,27,23,746</b>	<b>1,28,72,914</b>

