Notes to Financial Statements

(All amounts are in Lakhs of Indian Rupees; unless stated otherwise)

1. Corporate Information

Lloyds Steels Industries Limited ('the Company') is domiciled and incorporated in India as a limited liability company with its shares listed on the National Stock Exchange and the Bombay Stock Exchange. The Registered office of the Company is situated at Plot No. A - 5/5, MIDC Industrial Area, Murbad, Thane - 421 401. The Company is principally engaged in Design, Engineering, Manufacturing, Fabrication, Supply, Erection and Commissioning of all types of Mechanical, Hydraulic, Structural, Process Plants, Metallurgical, Chemical Plants Equipments including Marine Loading/ Unloading arms, Truck/Wagon Loading/Unloading arms, Columns, Pressure Vessels, Dryers, Boilers, Power Plant, Steel Plant Equipments, Capital Equipments and execution of Turnkey and EPC projects.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

This financial statement has been prepared to comply in all material respects with the Indian Accounting Standard ('Ind AS') notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 issued by the Ministry of Corporate Affairs ('MCA'). In addition, the Guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations requires a different treatment.

Presentation of Financial Statements

The Balance Sheet and the Statement of Profit & Loss are prepared and presented in the format set out in Schedule III to the Companies Act, 2013 ("the Act"). The Cashflows Statement has been prepared and presented as per the requirements of Indian Accounting Standards (IND AS – 7) "Statement of Cashflows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit & Loss as prescribed in the schedule III to the Act, are presented by way of notes forming parts of accounts alongwith the other notes required to be disclosed under the notified Indian Accounting Standards and the equity listing agreement. Amounts in the financial statement are presented in Indian rupees in Lakhs.

The financial statements are authorized for issue by the Company's Board of Directors at their meeting held on **19th June, 2020**.

The preparation of the said financial statements requires the use of certain critical accounting estimates and judgments. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas where estimates are significant to the financial statements, or areas involving a higher degree of judgment or complexity, are disclosed in Note 3.

The financial statements are based on the classification provisions contained in Ind-AS 1, 'Presentation of Financial Statements' and division II of schedule III of the Companies Act 2013 along with the other notes required to be disclosed under the notified Indian Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, for the purpose of clarity, various items are aggregated in the statement of profit and loss and balance sheet. Nonetheless, these items are dis-aggregated separately in the notes to the financial statements, where applicable or required.

The Company accrues individual items of income / expenses above ₹ 10,000/- per item.

All the amounts included in the financial statements are reported in Lakhs of Indian Rupees (₹) and are rounded to the nearest Lakhs, except per share data and unless stated otherwise.

2.2 Basis of Measurement

The financial statements have been prepared on the accrual and going concern basis and the historical cost convention except where the Ind -AS requires a different accounting treatment. Historical cost is generally based on fair value of the consideration given in exchange of Goods & Services.

Fair Value Measurement

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants. The Company wherever required has measured the financial / non – financial Assets and Liabilities at fair value in the Financial Statement.

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

2.3 Basis of Transition to Ind-AS

Ind-AS 101 allows first-time adopters certain optional exemptions and mandatory exceptions from the retrospective application of certain requirements under Ind-AS.

A. Exemptions / exceptions from full retrospective application

i) Deemed cost exemption - The company has adopted the carrying value determined in accordance with IGAAP for all of its property, plant & equipment as deemed cost of such assets at the transition date.

B. The following mandatory exceptions from retrospective application of Ind AS have been applied by the Company.

i. Estimates exception - On an assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind-AS, as there is no objective evidence that those estimates were in error.

ii. De-recognition of financial assets and liabilities exception - Financial assets and liabilities de-recognised before transition date are not re-recognised under Ind-AS.

2.4 Foreign Currency Transactions

The financial statements are presented in Indian Rupees which is the functional and presentation currency of the Company.

Transactions in foreign currencies are initially recorded in the relevant functional currency at the rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences. On subsequent re-statement/settlement, the same is recognised in the statement of profit and loss within finance costs / finance income. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevalent, at the date of initial recognition (in case they are measured at historical cost) or at the date when the fair value is determined (in case they are measured at fair value). The resulting foreign exchange difference, on subsequent re-statement / settlement is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity.

The equity items denominated in foreign currencies are translated at historical cost.

2.5 Current Versus Non-current Classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Deferred tax assets and liabilities and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

Operating cycle for the business activities of the company covers the duration of the specific project/contract/ product line/service including the defect liability period wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period as the case may be. An asset is classified as current when it is expected to be realized or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

2.6 Property, Plant and Equipment ('PPE')

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Company recognizes such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised.

The expenditures that are incurred after the item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset as appropriate.

Depreciation on PPE is computed using the straightline method over the estimated useful lives. Depreciation is provided as per useful life of the assets as prescribed in schedule II of the Companies Act. Freehold / Leasehold land is not depreciated as it has an unlimited useful life. The Company has established the estimated range of useful lives of different categories of PPE as follows:

Particulars	Useful life (in years)
Leasehold Land	99
Factory Building	30 – 60
Plant & Machinery	15
Computers	3 – 6
Electrical Installations	10
Office Equipments and AC	5 – 8
Furniture and Fixtures	10
Motor Vehicles	8 - 10

The useful lives, residual values and depreciation method of PPE are reviewed and adjusted appropriately, at-least as at each reporting date so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effects of any change in the estimated useful lives, residual values and/ or depreciation method are accounted prospectively, and accordingly the depreciation is calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired or otherwise disposed off are derecognized from the balance sheet and the resulting gains/ (losses) are included in the statement of profit and loss within Other Income.

Assets individually costing ₹ 10,000/- or less are depreciated fully in the year of purchase.

All expenditure and interest cost during the project construction period are accumulated and shown as Capital Work - in - Progress until the project/assets are put to use. Assets under construction are not depreciated. Expenditure/income during pre-operative/construction period is included in Capital Work - in – Progress.

2.7 Intangible Assets

Identifiable intangible assets are generally recognised when the Company controls the asset and it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably. The intangible assets are initially recognised at cost. Assets having finite useful life are carried at cost less accumulated amortization and impairment losses, if any.

2.8 Impairment of Non-Financial Assets - PPE

PPE and intangible assets with definite lives are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the cash-generating-unit ('CGU') level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the asset/CGU exceeds their estimated recoverable amount and allocated on pro rata basis.

Impairment losses, if any, are recognised in statement of profit and loss.

Reversal of Impairment Losses

Impairment losses are reversed and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the said asset in previous years.

2.9 Leases:

The Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 - 'Leases'. This standard is effective from1st April, 2019. 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 recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Ind AS 116 - Leases amends the rules for the lessee's accounting treatment of operating leases. According to the standard all operating leases (with a few exceptions) must therefore be recognized in the balance sheet as lease assets and corresponding lease liabilities. The lease expenses, which were recognised as a single amount (operating expenses), will consist of two elements: depreciation and interest expenses. The standard has become effective from 2019 and the Company has assessed the impact of application of Ind AS 116 on Company's financial statements and provided necessary treatments and disclosures as required by the standard. (Refer Note No 6).

2.10 Financial Instruments

a. Recognition, Classification and Presentation

The financial instruments are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the financial instrument.

The Company determines the classification of its financial instruments at initial recognition except for Trade Receivables which are initially measured at transaction price.

The Company wherever necessary classifies its financial assets in the following categories: a) those to be measured subsequently at fair value either through other comprehensive income or profit or loss (FVTPL) and b) those to be measured at amortized cost. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

The Company has classified all the non-derivative financial liabilities measured at amortized cost.

Financial assets and liabilities arising from different transactions are set off against each other on case to case basis if and when the company has reason to believe, that the Company has a right to set-off the related recognised amounts in terms of a contract or arrangement and the resultant net amount is presented in the balance sheet.

b. Measurement of Financial Instruments

I. Initial Measurement

All financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities which are not at fair value are adjusted to the fair value on initial recognition. Otherwise, the transaction costs are expensed in the statement of profit and loss.

II. Subsequent Measurement - Financial Assets

The subsequent measurement of the non-derivative financial assets depends on their classification as follows:

i. Financial Assets Measured at Amortized Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. However, where the impact of discounting / transaction costs is significant, the amortized cost is measured using the effective interest rate ('EIR') method. Interest income from these financial assets is included in Other Income.

ii. Fair Value through Other Comprehensive Income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, the same are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

iii. Fair value through Profit or Loss

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss and presented net in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

Impairment

The impairment of assets depends on whether there has been a significant increase in the credit risks since initial recognition. Accordingly, the company deals with providing for impairment of loss. In case of trade receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

III Subsequent Measurement - Financial Liabilities

Financial liabilities are subsequently measured at amortized cost using the EIR method (if the impact of discounting/any transaction costs is significant).

c. De-recognition

The financial liabilities are derecognized from the balance sheet when the underlying obligations are extinguished, discharged, lapsed, cancelled, expired or legally released. The financial assets are derecognized from the balance sheet when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The difference in the carrying amount is recognised in the statement of profit and loss.

2.11 Taxes

The income tax expense comprises of current and deferred income tax. Income tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity, in which case the related income tax is also recognised accordingly.

a. Current Tax

The current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date. The payment made in excess/ (shortfall) of the Company's income tax obligation for the period are recognised in the balance sheet as current income tax assets/liabilities.

Any interest, related to accrued liabilities for potential tax assessments are not included in Income tax charge or (credit), but are rather recognised within finance costs.

b. Deferred Tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. However, if these are unabsorbed depreciation, carry forward losses and items relating to capital losses, deferred tax assets are recognised when there is reasonable certainty that there will be sufficient future taxable income available to realize the assets. Deferred tax assets in respect of unutilized tax credits which mainly relate to minimum alternate tax are recognised to the extent it is probable that such unutilized tax credits will get realized.

The unrecognized deferred tax assets/carrying amount of deferred tax assets are reviewed at each reporting date for recoverability and adjusted appropriately. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the balance sheet, if and only when, (a) the Company currently has a right to set-off the current income tax assets and liabilities, and (b) when it relate to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

2.12 Inventories

Inventories are stated at the lower of cost (determined using weighted average cost method) and net realizable value. The costs comprise its purchase price and any directly attributable cost of bringing to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated variable costs necessary to make the sale.

Following are general practice adopted by the company for valuation of Inventory.

Sr. No.	Type of Inventory	Valuation methodology
1	Raw Materials	*At lower of cost and net realizable value.
2	Stores and Spares	At cost.
3	Work-in-process/Semi-finished Goods	At cost.
4	Engineering Plant Finished Goods	At lower of cost and Market value
5	Finished Goods/Traded Goods	At lower of cost and Market value
6	Scrap Material	At Net Realizable Value
7	Tools and Equipments	At lower of cost and disposable value

*Material and other supplies held for use in the production of the inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

2.13 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, bank balances and fixed deposits including deposits towards margin money.

2.14 Share Capital

The company has only one class of shares i.e. Equity Shares having par value of Re 1/- each per equity share. The dividend and repayment of capital are at the sole and absolute discretion of the Company and there is no contractual obligation whatsoever to that effect.

2.15 Employee Benefits

The Company's employee benefits mainly include wages, salaries, bonus, defined benefit plans, compensated absences. The employee benefits are recognised in the year in which the associated services are rendered by the Company employees.

a. Short Term Employee Benefits

Employee benefits such as salaries, wages, short term compensated absences, expected cost of bonus, ex-gratia and performance-linked rewards falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service.

b. Post Employment Benefits - Gratuity

The Company operates one defined benefit plan, viz., gratuity benefit, for its employees. The Gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. The company does not have any fund for gratuity liability and the same is accounted for as provision.

The Company provides for the liability towards the said plans on the basis of actuarial valuation carried out yearly as at the reporting date, by an independent qualified actuary using the projected unit- credit method.

The obligation towards the said benefits is recognised in the balance sheet, at the present value of the defined benefit obligations. The present value of the said obligation is determined by discounting the estimated future cash outflows.

The interest expense is calculated by applying the above mentioned discount rate to the defined benefit obligations liability. The interest expense on the defined benefit liability is recognised in the statement of profit and loss. However, the related re-measurements of the defined benefit liability is recognised directly in the other comprehensive income in the period in which it arises. The said re-measurements comprise of actuarial gains and losses (arising from experience adjustments and changes in actuarial assumptions). Re-measurements are not re-classified to the statement of profit and loss in any of the subsequent periods.

c. Other Employee Benefits – Leave Encashment

Under the other long term employee benefit plan, the company extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment upon retirement/ separation or during tenure of service. The Plan is not funded by the company.

The Company provides for the liability towards the said benefit on the basis of actuarial valuation carried out yearly as at the reporting date, by an independent qualified actuary using the projected unit- credit method. The related re-measurements are recognised in the statement of profit and loss in the period in which they arise.

2.16 Provisions

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

2.17 Amortization of Expenses

Deferred Revenue Expenditure is amortised over a period of five years.

2.18 Contingencies

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

Contingent assets are disclosed where an inflow of economic benefits is probable.

2.19 Revenue Recognition

Revenue is recognised based on nature of activity when consideration can be reasonably measured and recovered with reasonable certainty. Revenue is measured at the fair value of the consideration received or receivable and is reduced for estimated customer returns, rebates and other similar allowances.

a. Revenue from Operations

i. Sale of Goods

Revenue from the sale of manufactured and traded goods is recognised when significant risks and rewards of ownership of goods have been transferred, effective control over the goods no longer exists with the company, amount of revenue / costs in respect of the transactions can reliably be measured and probable economic benefits associated with the transactions will flow to the company.

ii. Rendering of Services

Revenue in case of contracts/orders spreading over more than one financial year are booked to the extent of work billed. Sales include export benefits & net of sales return. Export benefits accrue on the date of export, which are utilized for custom duty free import of material/ transferred for consideration.

iii. In case of unbilled work, Revenue is recognised when significant portion of the work exceeding 75% is completed. Till such time the unbilled work is carried at cost in work-in-progress.

b. Other Revenue

1) Customs Duty

Customs duty/incentive entitlement as and when eligible is accounted on accrual basis. Accordingly, import duty benefits against exports effected during the year are accounted on estimate basis as incentive till the end of the year in respect of duty free imports of raw material yet to be made.

2) Interest Income

Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.

3) Other Income/Miscellaneous Income

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

2.20 Borrowing Costs

Borrowing costs consist of interest and other ancillary costs that the Company incurs in connection with the borrowing of funds. The borrowing costs directly attributable to the acquisition or construction of any asset that takes a substantial period of time to get ready for its intended use or sale are capitalized. All the other borrowing costs are recognised in the statement of profit and loss within finance costs of the period in which they are incurred.

2.21 Earnings Per Share ('EPS')

The Company presents the Basic and Diluted EPS data. Basic & Diluted EPS is computed by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period.

2.22 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the net profit for the effects of:

i. changes during the period in inventories and operating receivables/payables transactions of a non-cash nature;

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealized foreign currency gains and losses and undistributed profits of associates; and

iii. all other items for which the cash effects are investing or financing cash flows.

3. Critical Judgments and Estimation in applying the Company's Accounting Policies

The estimates and judgments used in the preparation of the financial statements are based on historical experience and various other assumptions and factors (including expectations of future events), that the Company believes to be reasonable under the existing circumstances. The said estimates and judgments are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment, Intangible assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, provision for rectification costs, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

The areas involving critical estimates and judgments are:

a) Estimation of current tax expenses and payable - Refer Note No. 9

b) Recognition of deferred tax assets for carried forward tax losses - Refer Note No. 9

c) Revenue Recognition - Refer Note No. 20

d) Estimation of defined benefit obligation – Refer Note No. 24

4. Property, Plant and Equipment (PPE)

The following table presents the reconciliation of changes in the carrying value of PPE.

Sr. No	Class of Assets	Gross Block				Depreciation				Net Block	
		01. 04.2019	Additions	Disposals	31.03.2020	01.04.2019	For the Year	Disposals	31.03.2020	31.03.2020	31.03.2019
1	Land	146.66	--	--	146.66	--	--	--	--	146.66	146.66
2	Building	812.39	--	--	812.39	511.34	21.12	--	532.46	279.93	301.05
3	Plant & Machinery	3,253.24	43.31	10.10	3,286.45	2,964.25	23.26	6.27	2,981.24	305.21	288.99
4	Computers	177.92	0.87	--	178.79	167.22	2.69	--	169.91	8.88	10.70
5	Electrical Installations	144.54	2.39	--	146.93	124.87	5.46	--	130.33	16.60	19.67
6	Office Equipments & AC	84.73	0.90	--	85.63	78.76	0.77	--	79.53	6.10	5.97
7	Furniture & Fixtures	254.49	--	--	254.49	152.48	21.63	--	174.11	80.38	102.01
8	Motor Vehicles	345.01	20.89	92.42	273.48	161.95	32.66	83.99	110.62	162.86	183.06
	Total	**5,218.98**	**68.36**	**102.52**	**5,184.82**	**4,160.87**	**107.59**	**90.26**	**4,178.20**	**1,006.62**	**1,058.11**

Note: The Immovable Properties at A - 5/5 and A - 6/3, Murbad were subjected to Second Charge for the benefit of the Lenders of Uttam Value Steels Limited before transfer of the Engineering Division of UVSL into our company.

5. Intangible Assets

The following table presents the reconciliation of changes in the carrying value of PPE.

Sr. No	Class of Assets	Gross Block				Depreciation				Net Block	
		01. 04.2019	Additions	Disposals	31.03.2020	01.04.2019	For the Year	Disposals	31.03.2020	31.03.2020	31.03.2019
1	Goodwill	95.98	--	--	95.98	--	--	--	--	--	95.98
	Total	**95.98**	**--**	**--**	**95.98**	**--**	**--**	**--**	**--**	**--**	**95.98**

6. **Right To Use - Ind AS 116, Leases Impact**

The Right To Use value disclosed is as per Ind AS 116 (Lease Impact). The impact of Ind AS 116 on the Company's financial statements at 31 March 2020 is as follows:

Balance sheet: The adoption of Ind AS 116 has resulted in an increase in the total assets of ₹ 325.09 Lakhs split between right-to-use assets of ₹ 322.45 Lakhs and deferred tax assets of ₹ 2.64 Lakhs. Accordingly, financial liability has increase of by ₹ 331.92 Lakhs

Statement of Profit and Loss: The adoption of Ind AS 116 has resulted in increased depreciation of ₹ 49.61 Lakhs from the right-to-use assets and increased the finance costs by ₹ 22.23 Lakhs for the year due to the interest recognised on lease liabilities. These have reduced the operating lease expenses by ₹ 62.37 Lakhs for the year, resulting in an overall net reduction of profit before taxes of ₹ 9.47 Lakhs.

7. **Security Deposit & Others (Non Current)**

Particulars	31st March, 2020	31st March, 2019
Non-current		
Security Deposits, Considered Good	27.52	9.92
Total	**27.52**	**9.92**

8. **Loan & Other Current Financial Assets**

Particulars	31st March, 2020	31st March, 2019
i. Loan		
- Loans to Others, Considered Good - Unsecured	800.00	1,907.70
Sub – Total	**800.00**	**1907.70**
ii. Other Current Financial Asset		
- Security Deposits, Considered Good	0.08	17.60
- Tax Recoverable	124.13	325.54
- Interest Receivable	152.92	225.62
Sub – Total	**277.13**	**568.76**
Total (i+ii)	**1,077.13**	**2,476.46**

9. **Income Taxes**

The major components of Income Tax Expense are:

Particulars	31st March, 2020	31st March, 2019
Current Income Tax		
For the year	63.03	65.04
Deferred Tax*		
Origination and Reversal of Temporary Differences	29.21	(43.71)
Income Tax Expense	**92.24**	**21.33**

* Includes minimum alternate tax (MAT) credit of ₹ 63.03 Lakhs and ₹ 65.04 Lakhs for the year ended 31st March, 2020 and 31st March, 2019 respectively.

The reconciliation between the amounts computed by applying the statutory income tax rate to the (loss) / profit before tax and tax (income) / expenses charge is summarized below:

LLOYDS STEELS INDUSTRIES LIMITED

Particulars	31st March, 2020	31st March, 2019
Profit Before Tax	377.62	290.41
Tax Expense @ Company's Domestic Tax Rate of 27.82%	105.05	80.79
Effect of:		
Income (Net of Expenses) Not Taxable	(12.81)	(59.46)
Income Tax Expense	**92.24**	**21.33**

The Analysis of Deferred Tax Assets and Expenses is as follows:

Particulars	31st March, 2020	31st March, 2019
Deferred Tax Assets		
Unabsorbed Depreciation	838.79	938.72
Employee Benefits	17.64	20.27
Depreciation on Property, Plant and Equipment	(71.46)	(86.62)
Lease Expenses	2.64	--
Demerger Expenses Amortised	20.59	28.91
Net Deferred Tax Assets	**808.20**	**901.28**

Particulars	31st March, 2020	31st March, 2019
Deferred Tax Expense		
Unabsorbed Depreciation	99.93	96.68
Employee Benefits	2.64	(26.65)
MAT Credit	(63.03)	(65.04)
Depreciation on Property, Plant and Equipment	47.85	8.02
Tax Effect on Various Other Items	5.69	8.32
Net Deferred Tax Expenses/ (income)	**93.08**	**21.33**

The Movement in Deferred Tax Assets and Liabilities during the year is as follows:

Particulars	31st March, 2020	31st March, 2019
Opening Balance	**901.28**	**922.61**
MAT Credit of Earlier Years	(63.03)	(65.04)
Tax (Expense)/ Income Recognised in Statement of Profit and Loss	(16.05)	36.61
Tax Income/ (Expense) Recognised in OCI	(14.00)	7.10
Closing Balance	**808.20**	**901.28**

The company has determined that there is a reasonable certainty that sufficient profits will be available in future to recoup unabsorbed depreciation and carried forward losses and accordingly deferred tax has been recognised on those losses under Ind AS provisions.

10. Other Non-Financial Assets

Particulars	31st March, 2020	31st March, 2019
Other Non-current Asset		
Prepaid Expenses	2.03	4.34
Total	**2.03**	**4.34**
Other Current Asset		
Prepaid Expenses	15.04	9.18
Advance to Suppliers	5,173.25	18,926.49
Total	**5,188.29**	**18,935.67**

11. Inventories

Particulars	31st March, 2020	31st March, 2019
Raw Materials	341.50	1,274.27
Work-in-Progress	1,380.12	1,526.01
Stores and Spares	429.25	584.32
Scrap & By-products	1.93	1.71
Total	**2,152.80**	**3,386.31**

Note: During the year ₹ Nil (previous year: ₹ Nil) was recognised as expense towards write-down of inventory.

12. Trade Receivables

Particulars	31st March, 2020	31st March, 2019
Unsecured		
Considered Good	2,467.56	9,330.14
Considered Doubtful	--	--
Total	**2,467.56**	**9,330.14**
Less: Provision for Doubtful Receivables	--	--
Total Receivables	**2,467.56**	**9,330.14**

13. Cash and Cash Equivalents

Particulars	31st March, 2020	31st March, 2019
Balances with Banks		
On current accounts	191.90	140.14
Bank deposits with original maturity of three months or less	225.00	--
Cash in Hand	5.91	3.68
Other Bank Balance		
Margin Money Deposit	1,737.53	2,093.22
Total	**2,160.34**	**2,237.04**

LLOYDS STEELS INDUSTRIES LIMITED

14. Share Capital

Particulars	31st March, 2020	31st March, 2019
Authorized Share Capital		
90,00,00,000 Equity Shares of ₹ 1/- each	9,000.00	9,000.00
Issued, Subscribed and Fully Paid-up Shares		
89,86,98,382 Equity Shares of ₹ 1/- each	8,986.98	8,986.98
Total	**8,986.98**	**8,986.98**

i. Terms and Rights attached to equity shares.

The Company has only one class of equity shares having par value of ₹ 1 per share. Each holder of equity shares is entitled to cast one vote per share.

ii. Details of shareholders holding more than 1% shares in the company

Name of Shareholders	31st March, 2020		31st March, 2019	
	(Nos.)	(% holding)	(Nos.)	(% holding)
FirstIndia Infrastructure Private Limited (Formerly known as Ultimate Logistics solutions Pvt. Ltd.)	28,80,73,478	32.05%	28,80,73,478	32.05%
Metallurgical Engineering and Equipments Limited	12,63,67,638	14.06%	12,63,67,638	14.06%
Shree Global Tradefin Ltd	9,44,92,624	10.52%	9,44,92,624	10.52%
IDBI Bank Limited	-	-	8,25,21,946	9.18%
Vistra ITCL India Limited	3,94,71,661	4.39%	3,94,71,661	4.39%
Ragini Trading & Investment Limited	96,86,386	1.08%	96,86,386	1.08%

15. Financial Liabilities – Others

Particulars	31st March, 2020	31st March, 2019
Non-current		
Long Term Borrowings		
Secured		
Vehicle Loans from Banks	95.00	87.94
Total	**95.00**	**87.94**
Current		
Others		
Secured		
- Short Term Maturity of Long Term Borrowing	12.15	30.50
- Interest Accrued but Not Due	0.77	--
Unsecured		
- Employees Payable	81.04	82.25
- Taxes Payable	77.86	40.44
- Provision For Expenses	206.90	66.60
Total	**378.72**	**219.79**

16. Provisions

Particulars	31st March, 2020	31st March, 2019
Gratuity	457.69	457.20
Compensated Absence	78.31	88.09
Total	**536.00**	**545.29**
Non-current – Provisions	**358.12**	**457.25**
Current – Provisions	**177.88**	**88.04**

Refer Note 24 for movement of provision towards employee benefits.

17. Trade Payables

Particulars	31st March, 2020	31st March, 2019
Micro, Small and Medium Enterprises	25.54	96.11
Due to others	1,563.94	3,447.80
Total	**1,589.48**	**3,543.91**

The Company identifies suppliers registered under Micro, Small & Medium Enterprises Development Act, 2006 by sourcing information from suppliers and accordingly made classification based on available information with the Company.

18. Other Non-Financial Liabilities

Particulars	31st March, 2020	31st March, 2019
Current		
Advances from Customers	1,612.80	23,434.79
Total	**1,612.80**	**23,434.79**

19. Contingent Liabilities & Commitments

Particulars	31st March, 2020	31st March, 2019
Contingent Liabilities		
A) Claims against the Company, not acknowledged as debts	856.00	856.00
B) Guarantees		
Guarantees issued by the Company's bankers on behalf of the Company	1,736.96	2,024.74

20. Revenue from Operations

Particulars	31st March, 2020	31st March, 2019
Sale of Products		
Finished Goods	10,533.93	9,168.52
Traded Goods	--	--
Other Operating Revenue		
Sale of Scrap & By Products	16.29	25.15
Job Work Charges	896.26	578.11
Total	**11,446.48**	**9,771.78**

LLOYDS STEELS INDUSTRIES LIMITED

21. Other Income

Particulars	31st March, 2020	31st March, 2019
Interest Income		
On Bank Deposits	126.28	142.29
From others	687.22	793.56
Other Non – Operating Income		
Miscellaneous Income	2.91	20.91
Liabilities no longer required, Written Back (net)	11.67	0.91
Net Gain/(Loss) on Foreign Currency Transaction	1.79	46.00
Total	**829.87**	**1,003.67**

22. Cost of Raw Materials Consumed

Particulars	31st March, 2020	31st March, 2019
Cost of Raw Materials Consumed		
Iron & Steel, etc.	5,378.86	4,850.17
Total	**5,378.86**	**4,850.17**

23. Changes in Inventories of Finished Goods, Work-in-Progress.

Particulars	31st March, 2020	31st March, 2019
Inventories at the end of the year		
Work-in-Progress	1,380.12	1,526.01
Scrap	1.93	1.71
Total	**1,382.05**	**1,527.72**
Inventories at the beginning of the year		
Work-in-Progress	1,526.01	411.60
Scrap	1.71	75.90
Total	**1,527.72**	**487.50**
Total (Increase) / Decrease in Inventories	**145.67**	**(1,040.22)**

24. Employee Benefits Expenses As Per IND AS – 19.

Particulars	31st March, 2020	31st March, 2019
Salaries, Wages and Bonus	1,386.70	1,119.87
Contribution to Provident and Other Fund	79.50	75.08
Gratuity & Leave Encashment Expenses	88.96	81.64
Staff Welfare /Workmen Expenses	20.09	17.15
Managerial Remuneration	111.75	94.37
Total	**1,687.00**	**1,388.11**

Defined Benefit Plan

The Company operates one defined benefit plan, viz., gratuity benefit, for its employees. The Gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service as per the Payment of Gratuity Act. The company does not have any fund for gratuity liability and the same is accounted for as provision.

Under the other long term employee benefit plan, the company extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment upon retirement / separation or during tenure of service. The Plan is not funded by the company.

The details of defined benefit obligations are as follows:

Name of Shareholders	31st March, 2020		31st March, 2019	
	Gratuity	Compensated absence	Gratuity	Compensated absence
Obligation:				
Balance as at beginning of the year	457.20	88.09	382.61	65.89
Current Service Cost	26.94	18.42	28.91	18.20
Interest Cost	31.09	5.99	29.46	5.07
Benefits Paid	(33.56)	(7.84)	(8.07)	(2.30)
Re-measurements	(23.98)	(26.35)	24.29	1.23
Present Value of Defined Benefit Obligation	**457.69**	**78.31**	**457.20**	**88.09**
Current Portion	152.95	24.93	56.49	31.55
Non-current Portion	304.74	53.38	400.71	56.54

Amount recognized in Other Comprehensive Income

Particulars	31st March, 2020	31st March, 2019
Re-measurements	(50.33)	25.52
Total	**(50.33)**	**25.52**

Due to its defined benefit plans, the Company is exposed to the following significant risks:

Changes in bond yields - A decrease in bond yields will increase plan liability.

Salary Risk - The present value of the defined benefit plans liability is calculated by reference to the future salaries of the plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Existing assumptions

Particulars	31st March, 2020	31st March, 2019
Discount Rate	6.80%	7.70%
Rate of Salary Increase		
For First Year	0.00%	8.00%
For Second Year	3.00%	
Thereafter	8.00%	
Withdrawal Rate	1.00%	1.00%
Mortality Rate	Indian Assured Lives (2012- 14)	Indian Assured Lives (2006-08)
Retirement Age	62 Years	62 Years

The Company regularly assesses these assumptions with the projected long-term plans and prevalent industry standards.

LLOYDS STEELS INDUSTRIES LIMITED

The impact of sensitivity due to changes in the significant actuarial assumptions on the defined benefit obligations is given in the table below:

Particulars	Change in Assumption	31st March, 2020		31st March, 2019	
		Gratuity	Compensated Absence	Gratuity	Compensated Absence
Discount Rate	+1%	431.23	73.32	431.04	82.40
	-1%	488.05	84.12	487.26	94.77
Salary Growth Rate	+1%	487.39	84.00	486.88	94.69
	-1%	431.27	73.32	430.88	82.37

The above sensitivity analysis is determined based on a method that extrapolates the impact on the net defined benefit obligations as a result of reasonable possible changes in the significant actuarial assumptions. Further, the above sensitivity analysis is based on a reasonably possible change in a particular under-lying actuarial assumption, while assuming all other assumptions to be constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

The table below summarizes the maturity profile and duration of the gratuity liability:

Particulars	31st March, 2020	31st March, 2019
Within one year	152.95	56.49
Within one - three years	67.62	131.46
Within three - five years	16.80	63.63
Above five years	220.32	205.62
Weighted average duration (in years)	7.35 years	7.54 years

25. Manufacturing and Other Expenses

Particulars	31st March, 2020	31st March, 2019
Consumption of Stores and Spare Parts	1,470.40	2,666.60
Power Charges	79.38	50.57
Fuel & Gases Charges	21.22	1.82
Freight and Forwarding Charges (net)	482.44	360.28
Other Expenses of Production	162.57	239.33
Engineering and Processing Charges	1,432.89	819.71
Rent	38.80	105.05
Rates and Taxes	13.52	10.12
Insurance	6.92	7.10
Repairs and Maintenance:		
Plant and Machinery	0.78	8.10
Buildings	--	0.07
Others	39.11	56.29
Other Selling Expenses	33.10	26.51
Commission and Brokerage	1.33	7.60
Legal & Professional Charges	335.79	156.28
Directors' Sitting Fees	1.64	1.30
Payment to Auditor (Refer details below)	2.00	2.00
Loss on Sale of Fixed Assets (net)	1.87	(0.19)
Travelling & Conveyance Expenses	105.98	166.21
Miscellaneous Expenses	296.13	428.16
Total	**4,525.87**	**5,122.91**

Payments to Auditor

Particulars	31st March, 2020	31st March, 2019
As Auditor:		
Audit Fees	1.50	1.50
Tax Audit Fees	0.50	0.50
In other capacity:		
Certification Charges	--	--
Total	**2.00**	**2.00**

26. Finance Costs

Particulars	31st March, 2020	31st March, 2019
Interest on Vehicle loan / Others	13.80	11.24
Interest on Right to use	22.23	0
Other Borrowing Costs		
Bank & Finance processing charges	18.43	21.94
Total	**54.46**	**33.18**

27. Depreciation and Amortization Expense

Particulars	31st March, 2020	31st March, 2019
Depreciation on Tangible Assets (Refer Note 4)	107.59	105.37
Depreciation on Right to Use – AS 116 (Refer Note 6)	49.61	--
Total	**157.20**	**105.37**

28. Earnings Per Share ('EPS')

The followings is a reconciliation of the equity shares considered for computation of basic and diluted earnings per equity share:

Particulars	31st March, 2020	31st March, 2019
Weighted average shares outstanding for basic / diluted EPS	89,86,98,382	89,86,98,382
Profit for the year (₹ in lakhs)	249.05	287.50
EPS (in ₹)	0.03	0.03

29. Segment Reporting as per IND-AS – 108.

The Company has single business Segment namely engineering products and services.

30. Related Party Disclosures

A. Parties with whom the Company has entered into transactions during the year where control exists:

i) Key Management Personnel :	Mr. Ashok S. Tandon
ii) Enterprise over which key management personnel /relatives have significant influence	NIL
iii) Associate	NIL

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise. Remuneration to key management personnel were as follows:

Particulars	31st March, 2020	31st March, 2019
Short-Term Employee Benefits	119.15	101.00
Post-employment Benefit	74.43	74.93
Total	**193.58**	**181.17**

31. Financial and Capital Risk

a. Financial Risk

The business activities of the Company expose it to a variety of financial risks, namely market risks (that is, foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management strategies focus on the un-predictability of these elements and seek to minimize the potential adverse effects on its financial performance.

The financial risk management for the Company is driven by the Company's senior management and internal/ external experts subject to necessary supervision.

The Company does not undertake any speculative transactions either through derivatives or otherwise. The senior management is accountable to the Board of Directors and Audit Committee. They ensure that the Company's financial risk-taking activities are governed by appropriate financial risk governance frame work, policies and procedures. The Board Of Directors periodically reviews the exposures to financial risks, and the measures taken for risk mitigation and the results thereof.

i) Foreign Currency Risk

Foreign exchange risk arises on all recognised monetary assets and liabilities and on highly probable forecasted transactions which are denominated in a currency other than the functional currency of the Company. The Company has foreign currency trade payables and receivables.

The foreign exchange risk management policy of the Company requires it to manage the foreign exchange risk by transacting as far as possible in the functional currency.

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

Particulars	Foreign Currency			
	USD	Euro	GBP	Yen
Current Year				
Trade payables – in Foreign Currency (full figures)	(15,690.40)	(1,03,135.86)	--	(1,15,54,587.00)
Trade payables – ₹ in Lakhs	(11.83)	(85.65)	--	(80.48)
Trade receivables - in Foreign Currency (full figures)	--	--	--	--
Trade Receivables – ₹ in Lakhs	**--**	**--**	**--**	**--**
Previous Year				
Trade payables – in Foreign Currency (full figures)	(15,690.40)	(219,490.67)	(96,786.92)	--
Trade payables – ₹ in Lakhs	(10.85)	(170.55)	(87.57)	--
Trade receivables - in Foreign Currency (full figures)	--	--	--	--
Trade Receivables – ₹ in Lakhs	--	--	--	--

No Forward contracts were entered into by the company either during the year or previous years since the company has very minimum exposure to foreign currency risk as stated in above table.

i) **Foreign Currency Sensitivity**

Particulars	Change in Currency Exchange Rate	Effect on Profit Before Tax	Effect on Equity (OCI)
For the year ended March 31, 2020			
Euro	+5%	4.28	--
	-5%	(4.28)	--
Others	+5%	4.62	--
	-5%	(4.62)	--
For the year ended March 31, 2019			-
Euro	+5%	8.53	--
	-5%	(8.53)	--
Others	+5%	4.92	--
	-5%	(4.92)	--

The sensitivity disclosed in the above table is mainly attributable to, in case of to foreign exchange gains / (losses) on trade payables and trade receivables. The above sensitivity analysis is based on a reasonably possible change in the under-lying foreign currency against the respective functional currency while assuming all other variables to be constant.

Based on the movements in the foreign exchange rates historically and the prevailing market conditions as at the reporting date, the Company's management has concluded that the above mentioned rates used for sensitivity are reasonable benchmarks.

ii) **Price Risk**

The company uses surplus fund in operations and for further growth of the company. Hence, there is no price risk associated with such activity.

iii) **Credit Risk**

Credit risk refers to the risk of default on its obligation by the counter-party, the risk of deterioration of creditworthiness of the counter-party as well as concentration risks of financial assets and thereby exposing the Company to potential financial losses. The Company is exposed to credit risk mainly with respect to trade receivables.

Trade Receivables

The Trade receivables of the Company are typically non interest bearing un-secured. As there is no independent credit rating of the customers available with the Company, the management reviews the credit-worthiness of its customers based on their financial position, past experience and other factors. The credit risk related to the trade receivables is managed / mitigated by concerned team based on the Company's established policy and procedures and by setting appropriate payment terms and credit period. The credit period provided by the Company to its customers depend upon the contractual terms with the customers.

The ageing analysis of trade receivables as at the reporting date is as follows:

Particulars	Less than six months	More than six months
Trade Receivables as at March 31, 2020	**2,012.78**	**454.78**
Trade Receivables as at March 31, 2019	8,260.73	1,069.41

The Company performs on-going credit evaluations of its customers financial condition and monitors the credit-worthiness of its customers to which it grants credit in its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due or there are some disputes which in the opinion of the management is not in the Company's favour. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

iv) **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accordingly, as a prudent liquidity risk management measure, the Company closely monitors its liquidity position and deploys a robust cash management system.

Based on past performance and current expectations, the Company believes that the Cash and cash equivalents and cash generated from operations will satisfy its working capital needs, capital expenditure, investment requirements, commitments and other liquidity requirements associated with its existing operations, through at least the next twelve months.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:-

Particulars	31st March, 2020	
	Less than one year	More than one year
Trade Payables	1,589.48	--
Other Financial Liabilities	378.72	--
Total Financial Liabilities	**1,968.20**	**--**

Particulars	31st March, 2019	
	Less than one year	More than one year
Trade Payables	3,543.91	--
Other Financial Liabilities	219.79	--
Total Financial Liabilities	**3,763.70**	**--**

2. Capital Risk

The Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth, ensure adherence to the covenants and restrictions imposed by lenders and/ or relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital. However, the key objective of the Company's capital management is to, ensure that it maintains a stable capital structure with the focus on total equity, uphold investor; creditor and customer confidence and ensure future development of its business activities. In order to maintain or adjust the capital structure, the Company may issue new shares, declare dividends, return capital to shareholders, etc. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements.

Fair Value of Financial Assets and Liabilities

The carrying value and fair value of the Company's financial instruments are as follows:

Particulars	Carrying Value as of		Fair Value as of	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Financial Assets				
FVTPL	-	-	-	-
Amortized cost				
Trade Receivables	2,467.56	9,330.14	2,467.56	9,330.14
Cash and Cash Equivalents	2,160.34	2,237.04	2,160.34	2,237.04
Loans	800.00	1,907.70	800.00	1,907.70
Other Financial Assets	277.13	568.76	277.13	568.76
Total	**5,705.03**	**14,043.64**	**5,705.03**	**14,043.64**
Financial Liabilities				
FVTPL	**-**	**-**	**-**	**-**
Amortized Cost				
Trade Payables	1,589.48	3,543.91	1,589.48	3,543.91
Other Financial Liabilities	378.72	219.79	378.72	219.79
Total	**1,968.20**	**3,763.70**	**1,968.20**	**3,763.70**