Notes to financial statements as at and for the year ended 31 Mar 2020

1. Reporting entity

Palash Securities Limited ('the Company') is a public company domiciled and headquartered in India, having its registered office situated at Hargaon, District Sitapur in the state of Uttar Pradesh. The Company is incorporated under the provisions of the Companies Act. Its shares was listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

The main objective of the Company is to invest etc. in securities mainly of group companies and in immovable properties. The Company acts as a Core Investment Company (CIC) as per RBI guidelines.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) as per Section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act.

For all periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended 31 March 2020 are the first, which has prepared in accordance with Ind AS. Refer to Note 33 for information on how the Company adopted Ind AS.

Details of the Company's significant accounting policies are included in Note 3.

2.2 Functional and presentation currency

The financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amount are rounded to the nearest lakhs, unless otherwise indicated.

2.3 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non–current) is presented in Note 27.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and / or its counterparties.

2.4 Basis of measurement

The financial statements have been prepared on historical cost convention on the accrual basis, except certain financial assets and financial liabilities measured at fair value.

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

2.5 Use of judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities and the accompanying disclosures as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

Judgements

The management makes various judgements, apart from those involving estimations, that can significantly affect the amounts it recognises in the financial statements. Judgements are applied in determining the followings:

Note 6 - Determining the fair values of investments.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Information about estimation and assumption uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included in the following notes:

Note 9 - Useful life and residual value of investment property and property, plant and equipment;

Note 30 - Recognition of deferred tax assets: availability of future taxable profit against which deductions allowed on payment / other basis can be used;

Note 31 - Impairment of financial assets: key assumptions used in estimating recoverable cash flows.

2.6 Measurement of fair value

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 2.5.

3. Significant accounting policies

3.1 Financial instruments

Recognition and initial measurement

Receivables issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

Classification and subsequent measurement

i) Financial assets

On initial recognition, a financial asset is classified and measured at:

- Amortised cost; or
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

ii) Financial assets at amortised cost

A financial assets is measured at amortised cost if it meet both of the following conditions and is not designated as at FVTPL:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

Business model assessment

The Company determines its business model at the level that best reflects how it manages the Company's of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

iii) Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets
- The asset's contractual cash flows represent SPPI.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

iv) Financial assets at FVTPL

All financial assets which do not meet the criteria for categorisation as at amortised cost or FVOCI as described above are classified as at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are SPPI.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

v) Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method (EIR). The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss.
Financial assets at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Statement of Profit and Loss.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

vi) Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

vii) Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

viii) Financial liabilities at amortised cost

Deposits, subordinated liabilities and other financial liabilities are subsequently measured at amortised cost using the effective interest (EIR) method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss.

Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

Derecognition

i) Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

ii) Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

i) Impairment of financial assets

At each reporting date, the Company assess whether financial assets, than those at FVTPL are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

The Company recognises loss allowances using the expected credit losses (ECL) model for the financial assets which are fair valued through profit or loss.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Statement of Profit and Loss.

In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

For all other financial assets, expected credit losses are measured unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

(a) Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

(b) Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(c) Write-off

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 amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Impairment of non-financial assets

The Company's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are combined together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or Company of CGUs) on a pro rata basis.

In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

3.2 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.3 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated using the straight–line method to write down the cost of investment properties to their residual values over their estimated useful lives. Land recognised as investment properties is not depreciated.

The Company depreciates building components of investment property over 5 to 60 years from the date of original purchase.

The Company, based on technical assessment made by management's expert and management estimate, depreciates the building components of investment property over their estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Though the Company measures investment property using cost model, the fair value of investment property is disclosed in the notes. Fair values are determined based on technical assessment made by management's expert.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount (net) of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use.

3.4 Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are, as follows:

- Buildings 30 years

The Company depreciates property, plant and equipment over the useful life prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

3.5 Capital work-in-progress (CWIP)

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the reporting date. Directly attributable expenditure (including finance costs relating to borrowed funds / general borrowings for construction or acquisition of property, plant and equipment) incurred on project under implementation are treated as Pre-operative expenses pending allocation to the asset and are shown under CWIP.

3.6 Lease

Ind AS 116 supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company has adopted Ind AS 116 using the modified retrospective method of adoption under the transitional provisions of the Standards, with the date of initial application on 1 April 2019. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of twelve months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). During the periods reported in these financial statements, the Company has lease contracts, if any, in the nature of short-term and low value only. Hence, there is no impact of adoption of Ind AS 116 on these financial statements.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(b) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term lease and lease of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, equipment, etc. that are of low

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessor will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.7 Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Expected future operating losses are not provided for.

3.8 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is possible. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

3.9 Recognition of interest income

The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

Interest income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the EIR to the net amortised cost of the financial asse

For purchased or originated credit-impaired (POCI) financial assets, the Company calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

3.10 Recognition of income and expenses

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Dividend income

Dividend income (including from investment at FVOCI) is recognised when the Company receives it. It is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

Trading income

Trading income includes all gains and losses from changes in fair value and the related interest income or expense and dividends, for financial assets and financial liabilities held for trading.

Expenses

All expenses are accounted for on accrual basis.

3.11 Income tax

Income tax expense comprises of current tax and deferred tax. Current tax and deferred tax is recognised in the Statement of profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are off set only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to off set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Minimum Alternative Tax (MAT) Credit

In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as a deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

3.12 Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.13 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

3.14 Dividend on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

3.15 Determination of fair values

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Financial assets

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI.

Investments in equity instruments are measured at FVOCI and combination of different methodologies i.e. discounted cash flow method, comparable companies method and net assets method with different weightage has been used for fair valuations of investment in unquoted securities.

ii) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

iii) Financial liabilities

Financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

3.16 Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

4. Cash and cash equivalents

₹ in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Cash on hand	0.01	0.02	0.02
Balances with banks			
- Current accounts	2.86	12.03	19.57
Cheques on hand	-	2.03	-
	2.87	**14.08**	**19.59**

5. Receivables

₹ in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Unsecured, considered good			
Trade receivables	-	-	-
Other receivables	8.45	-	-
	8.45	**-**	**-**

(a) No debt is due by directors or other officers of the Company or any of them either severally or jointly with any other person or firms including limited liability partnership (LLPs) or private companies respectively in which any director is a partner or a director or a member.

(b) Information about the Company's exposure to credit risks and loss allowances related to debts are disclosed in Note 31 (C).

6. Investments

₹ in lakhs

Particulars	Face Value of Share (₹)	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Equity shares carried at FVOCI - (Quoted)				
13,614 (31 March 2019: 6,807; 1 April 2018: 6,807) equity shares of Avadh Sugar & Energy Ltd.	10.00	16.09	32.52	30.93
20,238 (31 March 2019: 14,456; 1 April 2018: 14,456) equity shares of Magadh Sugar & Energy Ltd.	10.00	13.28	16.79	17.10
16,060 (31 March 2019: 16,060; 1 April 2018: 16,060) equity shares of Ganges Securities Ltd.	10.00	3.47	7.15	11.90
		32.84	56.46	59.93
Equity shares carried at FVOCI - (Unquoted)				
1,920 (31 March 2019: 1,920; 1 April 2018: 1,920) equity shares of Birla Building Ltd.	10.00	7.97	7.97	7.40
745 (31 March 2019: 745; 1 April 2018: 745) equity shares of Moon Corporation Ltd. ('A' Class)	100.00	5.21	5.21	3.68
2,502 (31 March 2019: 2,502; 1 April 2018: 2,502) equity shares of Moon Corporation Ltd. ('B' Class)	5.00	0.87	0.87	0.62
25 (31 March 2019: 25; 1 April 2018: 25) equity shares of The Oudh Trading Company Pvt. Ltd.	100.00	2.34	2.34	2.02
70 (31 March 2019: 70; 1 April 2018: 70) equity shares of Bihar State Financial Corporation Ltd.	100.00	-	-	-
		16.39	**16.39**	**13.72**

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

6. Investments (Contd.)

₹ in lakhs

Particulars	Face Value of Share (₹)	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Equity shares of Subsidiaries carried at amortised cost - (Unquoted)				
1,09,84,588 (31 March 2019: 1,09,84,588; 1 April 2018: 1,09,84,588) equity shares of Allahabad Canning Ltd.	10.00	1,098.46	1,098.46	1,098.46
30,45,727 (31 March 2019: 30,45,727; 1 April 2018: 30,45,727) equity shares of Hargaon Investment & Trading Ltd.	10.00	609.14	609.14	609.14
17,40,418 (31 March 2019: 17,40,418; 1 April 2018: 17,40,418) equity shares of OSM Investment & Trading Ltd.	10.00	261.06	261.06	261.06
43,49,000 (31 March 2019: 43,49,000; 1 April 2018: 43,49,000) equity shares of Champaran Marketing Company Ltd.	2.50	192.96	192.96	192.96
		2,161.62	**2,161.62**	**2,161.62**
		2,210.85	**2,234.47**	**2,235.27**
Investments outside India		-	-	-
Investments in India		2,210.85	2,234.47	2,235.27
		2,210.85	**2,234.47**	**2,235.27**

(a) The Company received dividends of ₹ **0.64 lakhs** (31 March 2019: ₹ 0.40 lakhs) from its investments in equity shares, carried at FVOCI, recorded as dividend income.

(b) The Company has designated its equity investments at FVOCI on the basis that these are not held for trading and held for strategic purposes.

(c) No strategic investment was disposed off during 2019-20 and there were no transfer of any cumulative gain or loss within equity relating to these investments.

7. Other Financial Assets

₹ in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
At amortised cost			
Security deposits	0.60	0.60	0.60
	0.60	**0.60**	**0.60**

8. Current Tax Assets (net)

₹ in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Advance tax including self assessment tax and tax deducted at sources	5.70	5.76	2.07
Less: Provision for taxation	-	1.65	-
	5.70	**4.11**	**2.07**

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

9. Investment Property, Property, Plant and Equipment (PPE) and Capital Work-in-progress (CWIP)

₹ in lakhs

Particulars	Investment Property			PPE - Buildings	Capital Work-in-progress
	Freehold Land	Buildings	Total		
Reconciliation of carrying amount					
Cost or deemed cost					
(gross carrying amount)					
Balance at 1 April 2018	9.89	29.84	39.73	0.08	7.21
Additions during the year	-	7.21	7.21	-	-
Transfer to PPE from CWIP	-	-	-	-	7.21
Balance at 31 March 2019	**9.89**	**37.05**	**46.94**	**0.08**	**-**
Additions during the year	-	-	-	-	-
Disposals / discard during the year	-	0.80	0.80	-	-
Balance at 31 March 2020	**9.89**	**36.25**	**46.14**	**0.08**	**-**
Accumulated depreciation					
Depreciation for 2018-19	-	2.26	2.26	0.01	
Balance at 31 March 2019	-	2.26	2.26	0.01	
Depreciation for 2019-20	-	2.36	2.36	0.01	
Disposals / discard during 2019-20	-	0.01	0.01	-	
Balance at 31 March 2020	**-**	**4.61**	**4.61**	**0.02**	
Carrying amount (net)					
At 1 April 2018	9.89	29.84	39.73	0.08	7.21
At 31 March 2019	9.89	34.79	44.68	0.07	-
At 31 March 2020	**9.89**	**31.64**	**41.53**	**0.06**	**-**

Fair value of the above-mentioned investment property is as under:

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Freehold Land	530.13	514.69	499.70
Buildings	31.64	34.79	29.84
Total	**561.77**	**549.48**	**529.54**

10. Other Non-financial Assets

₹ in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
(Unsecured, considered good)			
Advances other than Capital Advances			
Advances to suppliers	0.65	0.31	0.80
Other advances			
- Balance with government authorities	-	-	0.36
- Prepaid expenses	-	-	0.10
	0.65	**0.31**	**1.26**

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

11. Payables

₹ in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises; and	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	6.15	4.11	4.52
	6.15	**4.11**	**4.52**
The following details relating to Micro enterprises and small enterprises are as under:			
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year:			
Principal amount due to micro and small enterprises	-	-	-
Interest due on above	-	-	-
Total	**-**	**-**	**-**
(ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act 2006) along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	-	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-	-

12. Deposits

₹ in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
At amortised cost			
Security deposits taken against investment property	67.14	70.71	79.23
	67.14	**70.71**	**79.23**

13. Subordinated Liabilities

₹ in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
13,00,000 8.5% Non-Convertible Cumulative Redeemable Preference Shares of ₹ 10 each (at amortised cost)	230.44	216.92	202.92
	230.44	**216.92**	**202.92**

Rights, preferences and restrictions attached to 8.5% non-convertible cumulative redeemable preference shares of ₹ 10 each:

The Non-convertible Cumulative Redeemable Preference Shares (NCCRPS) of ₹ 10 each carries dividend @ 8.50% per annum. NCCRPS shall be redeemable at par on 2 August 2023 being twelve years and one day from the date of the original allotment i.e. 1 August 2011 with a right vested to the Board of Directors to redeem it earlier, subject to consent of the lenders. The dividend is payable at the time of redemption of the NCCRPS. However, the Board reserves the right to pay dividend earlier subject to the availability of the profit.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

14. Other Financial Liabilities

₹ in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Liabilities for capital goods	16.58	16.58	16.58
	16.58	**16.58**	**16.58**

15. Other Non-financial Liabilities

₹ in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Statutory dues	1.85	1.88	0.32
Deferred income on security deposits	3.16	9.46	15.77
	5.01	**11.34**	**16.09**

16. Share Capital

₹ in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Authorised:			
1,35,00,000 equity shares of ₹ 10 each	1,350.00	1,350.00	1,350.00
15,00,000 preference shares of ₹ 10 each	150.00	150.00	150.00
	1,500.00	**1,500.00**	**1,500.00**
Issued, subscribed and fully paid-up:			
1,00,03,102 equity shares of ₹ 10 each	1,000.31	1,000.31	1,000.31
	1,000.31	**1,000.31**	**1,000.31**

13,00,000 8.5% Non-convertible Cumulative Redeemable Preference Shares of ₹ 10 each issued are classified as Subordinated Liability. [Note 13]

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
At the beginning and end of the year	1,00,03,102	1,000.31	1,00,03,102	1,000.31

(b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares with par value of ₹ 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

16. Share Capital (Contd.)

(c) Particulars of shareholders holding more than 5% shares of fully paid up equity shares

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	% of total shares in the class	No. of shares	% of total shares in the class
Equity shares of ₹ 10 each fully paid up held by				
Uttar Pradesh Trading Co. Limited	12,83,234	12.83	12,83,234	12.83
SCM Investment & Trading Co. Limited	10,78,958	10.79	10,78,958	10.79
New India Retailing & Investment Limited	10,71,532	10.71	10,71,532	10.71
RTM Investment & Trading Co. Limited	9,04,951	9.05	9,04,951	9.05
Deepshikha Trading Co. Private Limited	6,64,129	6.64	5,59,129	5.59
NCCRPS of ₹ 10 each fully paid up held by				
Sutlej Textiles & Industries Limited	13,00,000	100.00	13,00,000	100.00

(d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

₹ in lakhs

	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016
Issued pursuant to the scheme of arrangement:					
Equity shares of ₹10 each allotted as fully paid-up	-	-	-	1,00,03,102	-
Preference shares of ₹10 each allotted as fully paid-up	-	-	-	13,00,000	-

17. Other Equity

₹ in lakhs

	As at 1 April 2018	Profit / (Loss) during the year	As at 31 March 2019	Profit / (Loss) during the year	As at 31 March 2020
Capital Reserve	1,635.40	-	1,635.40	-	1,635.40
Retained Earnings	(708.47)	(7.01)	(715.48)	(9.65)	(725.13)
Equity Instruments through OCI	59.23	(0.80)	58.43	(23.62)	34.81
	986.16	**(7.81)**	**978.35**	**(33.27)**	**945.08**

18. Interest Income

₹ in lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Other Interest Income		
On Security deposits	6.30	6.31
	6.30	**6.31**

19. Other Income

₹ in lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest on refund from income tax department	0.15	0.01
	0.15	**0.01**

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

20. Finance Costs

₹ in lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
On Financial Liabilities measured at amortised cost:		
Interest on Deposits	6.43	6.48
Interest on Subordinated Liabilities	13.52	14.00
	19.95	**20.48**

21. Fees and Commission Expenses

₹ in lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Listing and Other Regulatory Fees	6.67	6.95
Fees related to ROC matters	0.06	0.06
	6.73	**7.01**

22. Depreciation Expenses

₹ in lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on Investment Property	2.36	2.26
Depreciation on Property, Plant and Equipment	0.01	0.01
	2.37	**2.27**

23. Other Expenses

₹ in lakhs

	Year ended 31 March 2020		Year ended 31 March 2019	
Rent, Tax and Energy Costs		2.11		2.17
Repairs and Maintenance		7.17		5.18
Communication Costs		1.60		1.80
Printing and Stationery		3.15		3.13
Advertisement and Publicity		0.84		0.70
Director's Sitting Fees		1.38		1.53
Auditor's Fee and Expenses				
As Auditors				
- Statutory audit	1.00		1.00	
- Limited review of quarterly results	0.60		0.60	
In other capacity				
- For certificates and other services	1.75	3.35	1.00	2.60
Legal and Professional Charges		3.16		1.82
Insurance		0.25		0.17
Loss on Sales / Discard of Property, Plant and Equipment (net)		0.79		-
Other Expenses		0.46		0.10
		24.26		**19.20**

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

24. Tax expense

₹ in lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Current tax	-	1.65
Deferred tax		
Attributable to origination and reversal of temporary differences	-	-
Total tax expense for the year	**-**	**1.65**

Reconciliation of effective tax rate

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	Rate	₹ in lakhs	Rate	₹ in lakhs
Profit / (Loss) before tax		(9.65)		(5.36)
Tax using the Company's domestic tax rate	22.88%	(2.21)	26.00%	(1.39)
Tax effect of:				
– Deferred tax expense adjusted with deferred tax assets not recognised		(89.82)		(11.98)
– Tax benefits lapsed due to exercise the option available under Section 115BAA of the Income Act, 1961		39.45		-
– Impact of reduction in tax rate due to exercising option available under Section 115BAA of the Income Tax Act, 1961		45.31		-
– Time barred carried forward business losses		-		5.73
– Interest expense on Preference shares classified as subordinated liability not deductible for tax purposes		3.09		3.64
– Other permanent differences		4.18		5.65
Effective tax rate		**-**		**1.65**

The Company has, so far, exercised the option for payment of income tax at reduced rate as per the provisions of Section 115 BAA of the Income Tax Act, 1961, introduced by the Taxation Laws (Amendment) Act, 2019 with effect from financial year commencing 1 April 2019.

25. Earnings per equity share (EPS)

Basic and Diluted earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and diluted earnings per share calculation are as follows:

₹ in lakhs

		Year ended 31 March 2020	Year ended 31 March 2019
(i)	Profit / (Loss) attributable to equity shareholders (₹ in lakhs)	(9.65)	(7.01)
(ii)	Weighted average number of equity shares for the year		
	At the beginning and at the end of the year	1,00,03,102	1,00,03,102
(iii)	**Earning per equity share [Nominal value of share ₹ 10] [(i)/(ii)]**		
	Basic and Diluted (₹)	(0.10)	(0.07)

There is no dilutive potential equity share.

26. The Company has only one business segment i.e. Investing Business and as such segment reporting as required by Ind AS 108 Operating Segments is not applicable.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

27. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

₹ in lakhs

Particulars	As at 31 March 2020		
	Within twelve months	After twelve months	Total
Financial Assets:			
Cash and Cash Equivalents	2.87	-	2.87
Receivables	8.45	-	8.45
Investments	-	2,210.85	2,210.85
Other Financial Assets	0.60	-	0.60
Non-financial Assets:			
Current Tax Assets (net)	5.70	-	5.70
Investment Property	-	41.53	41.53
Property, Plant and Equipment	-	0.06	0.06
Other Non-financial Assets	0.65	-	0.65
Total Assets	18.27	2,252.44	2,270.71
Financial Liabilities:			
Payables	6.15	-	6.15
Deposits	67.14	-	67.14
Subordinated Liabilities	-	230.44	230.44
Other Financial Liabilities	16.58	-	16.58
Non-financial Liabilities:			
Other Non-financial Liabilities	5.01	-	5.01
Total Liabilities	**94.88**	**230.44**	**325.32**
Net Assets [Total Assets - Total Liabilities]	**(76.61)**	**2,022.00**	**1,945.39**

₹ in lakhs

Particulars	As at 31 March 2019		
	Within twelve months	After twelve months	Total
Financial Assets:			
Cash and Cash Equivalents	14.08	-	14.08
Investments	-	2,234.47	2,234.47
Other Financial Assets	0.60	-	0.60
Non-financial Assets:			
Current Tax Assets (net)	4.11	-	4.11
Investment Property	-	44.68	44.68
Property, Plant and Equipment	-	0.07	0.07
Other Non-financial Assets	0.31	-	0.31
Total Assets	19.10	2,279.22	2,298.32
Financial Liabilities:			
Payables	4.11	-	4.11
Deposits	10.00	60.71	70.71
Subordinated Liabilities	-	216.92	216.92
Other Financial Liabilities	16.58	-	16.58
Non-financial Liabilities:			
Other Non-financial Liabilities	8.18	3.16	11.34
Total Liabilities	**38.87**	**280.79**	**319.66**
Net Assets [Total Assets - Total Liabilities]	**(19.77)**	**1,998.43**	**1,978.66**

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

27. Maturity analysis of assets and liabilities (Contd.)

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. (Contd.)

₹ in lakhs

Particulars	As at 31 March 2018		
	Within twelve months	**After twelve months**	**Total**
Financial Assets:			
Cash and Cash Equivalents	19.59	-	19.59
Investments	-	2,235.27	2,235.27
Other Financial Assets	0.60	-	0.60
Non-financial Assets:			
Current Tax Assets (net)	2.07	-	2.07
Investment Property	-	39.73	39.73
Property, Plant and Equipment	-	0.08	0.08
Capital Work-in-Progress	-	7.21	7.21
Other Non-financial Assets	1.26	-	1.26
Total Assets	23.52	2,282.29	2,305.81
Financial Liabilities:			
Payables	4.52	-	4.52
Deposits	15.00	64.23	79.23
Subordinated Liabilities	-	202.92	202.92
Other Financial Liabilities	16.58	-	16.58
Non-financial Liabilities:			
Other Non-financial Liabilities	6.63	9.46	16.09
Total Liabilities	**42.73**	**276.61**	**319.34**
Net Assets [Total Assets - Total Liabilities]	**(19.21)**	**2,005.68**	**1,986.47**

28. The COVID-19 outbreak and resulted national lockdown imposed by the Government of India has caused Pan-India disruption of business. There is no effect on operations of the Company.

The Company has considered the possible risk that may result from the pandemic on the carrying amount of its financial and non-financial assets, for which the Company has used the principles of prudence in applying judgments and assumptions as well as the internal / external information available upto the date of approval of these financial statements and the same does not have any material impact on these financial statements. The Company will continue to closely monitor any material changes to future economic conditions.

29. Related Party Disclosures

In accordance with the requirements of Ind AS 24 Related Party Disclosures, names of the related parties, related party relationships, transactions and outstanding balances, where control exist and with whom transactions have been taken placed during the reported periods are:

A. Names of related parties and related party relationship

Related parties where control exits during the year

Wholly owned Subsidiary Companies	Allahabad Canning Limited	–	Wholly owned Subsidiary
	Champaran Marketing Company Limited	–	Wholly owned Subsidiary
	Hargaon Investment & Trading Company Limited	–	Wholly owned Subsidiary
	OSM Investment & Trading Company Limited	–	Wholly owned Subsidiary
	Hargaon Properties Limited	–	Step down Subsidiary

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

29. Related Party Disclosures (Contd.)

A. Names of related parties and related party relationship (Contd.)

Related parties with whom transactions have taken place during the year

Key management personnel	Mrs. Shalini Nopany	–	Chairperson / Non-Executive Director
	Mr. Chandra Shekhar Nopany	–	Chairperson / Non-Executive Director (upto 8 November 2018)
	Mr. Arun Kumar Newar	–	Independent / Non-Executive Director
	Mr. Chhedi Lal Agarwal	–	Independent / Non-Executive Director
	Mr. Dinesh Kacholia	–	Independent / Non-Executive Director
	Mr. Suresh Kumar Khandelia	–	Additional Director (w.e.f. 7 February 2020)
	Mr. Bal Kishore Malpani	–	Independent / Non-Executive Director (from 10 August 2018 to 3 March 2020)
	Mr. Chand Bihari Patodia	–	Managing Director
	Mr. Deepak Kumar Sharma	–	Chief Financial Officer
	Ms. Mayuri Raja	–	Company Secretary

B. The following transactions were carried out with related parties in the ordinary course of business:

Director's sitting fees

₹ in lakhs

Particulars	Year ended	Director's sitting fees	Amount owed to related parties
Mrs. Shalini Nopany	31 March 2020	0.15	-
	31 March 2019	0.20	-
Mr. Chandra Shekhar Nopany	31 March 2020	-	-
	31 March 2019	0.15	-
Mr. Arun Kumar Newar	31 March 2020	0.45	-
	31 March 2019	0.45	-
Mr. Chhedi Lal Agarwal	31 March 2020	0.45	-
	31 March 2019	0.45	-
Mr. Dinesh Kacholia	31 March 2020	0.23	-
	31 March 2019	0.23	-
Mr. Bal Kishore Malpani	31 March 2020	0.10	-
	31 March 2019	0.05	-

C. Details of loans, investments and guarantee covered under Section 186(4) of the Companies Act, 2013

(i) The Company has neither given any loan nor has advanced any amount either during the year ended 31 March 2020 or year ended 31 March 2019.

(ii) Particulars of investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed in Note 6.

D. Terms and conditions of transactions with related parties

(i) The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.

(ii) The amounts outstanding are unsecured and will be settled in cash and cash equivalent. No guarantees have been given or received.

(iii) For the year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by a related parties. This assessment is undertaken in each financial year through examining the financial position of the related parties and the market in which the related party operates.

(iv) The sitting fees of directors is determined by the Nomination & Remuneration Committee having regard to the performance of individuals and market trends.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

30. The Company has recognised deferred tax asset on carried forward business losses, unabsorbed depreciation and net change in fair value of investments at FVOCI from admissible cost of the same as per the provisions of the Income Tax Act, 1961 to the extent of deferred tax liability as per the Company's Accounting Policies (refer Note 3.11).

The breakup of Deferred tax assets and liabilities are as under:

₹ in lakhs

Particulars	As at 31 March 2019	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2020
Deferred tax assets				
Carried forward tax losses / unabsorbed depreciation	386.65	(90.00)	-	296.65
MAT credit entitlement	1.63	(1.63)	-	-
Investments - Quoted Equity Shares	3.08		2.46	5.54
	391.36	**(91.63)**	**2.46**	**302.19**
Less : Deferred tax assets not recognised	379.57	(89.82)	2.48	292.23
	11.79	**(1.81)**	**(0.02)**	**9.96**
Deferred tax liabilities				
Investments - Unquoted Equity Shares	2.72	-	(0.02)	2.70
Investment Property	9.05	(1.81)	-	7.24
Property, plant and equipments	0.02	-	-	0.02
	11.79	**(1.81)**	**(0.02)**	**9.96**
Net deferred tax assets	**-**	**-**	**-**	**-**

Particulars	As at 1st April 2018	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2019
Deferred tax assets				
Carried forward tax losses / unabsorbed depreciation	398.97	(12.32)	-	386.65
MAT credit entitlement	-	1.63	-	1.63
Investments - Quoted Equity Shares	2.72	-	0.36	3.08
	401.69	**(10.69)**	**0.36**	**391.36**
Less : Deferred tax assets not recognised	391.73	(11.98)	(0.18)	379.57
	9.96	**1.29**	**0.54**	**11.79**
Deferred tax liabilities				
Investments - Unquoted Equity Shares	2.18	-	0.54	2.72
Investment Property	7.76	1.29	-	9.05
Property, plant and equipments	0.02	-	-	0.02
	9.96	**1.29**	**0.54**	**11.79**
Net deferred tax assets	**-**	**-**	**-**	**-**

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

31. Financial instruments - fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities:

₹ in lakhs

Particulars	Carrying amount				Fair value
	FVTPL	FVOCI	Amortised cost	Total carrying amount	
As at 31 March 2020					
Financial assets					
Investment in equity shares (Quoted)	-	32.84	-	32.84	32.84
Investment in equity shares (Unquoted)	-	16.39	-	16.39	16.39
Cash and cash equivalents	-	-	2.87	2.87	2.87
Receivables	-	-	8.45	8.45	8.45
Investment in Subsidiaries	-	-	2,161.62	2,161.62	2,161.62
Other financial assets	-	-	0.60	0.60	0.60
	-	**49.23**	**2,173.54**	**2,222.77**	**2,222.77**
Financial liabilities					
Payables	-	-	6.15	6.15	6.15
Deposits	-	-	67.14	67.14	67.14
Subordinated liabilities	-	-	230.44	230.44	230.44
Other financial liabilities	-	-	16.58	16.58	16.58
	-	**-**	**320.31**	**320.31**	**320.31**
As at 31 March 2019					
Financial assets					
Investment in equity shares (Quoted)	-	56.46	-	56.46	56.46
Investment in equity shares (Unquoted)	-	16.39	-	16.39	16.39
Cash and cash equivalents	-	-	14.08	14.08	14.08
Receivables	-	-	-	-	-
Investment in Subsidiaries	-	-	2,161.62	2,161.62	2,161.62
Other financial assets	-	-	0.60	0.60	0.60
	-	**72.85**	**2,176.30**	**2,249.15**	**2,249.15**
Financial liabilities					
Payables	-	-	4.11	4.11	4.11
Deposits	-	-	70.71	70.71	70.71
Subordinated liabilities	-	-	216.92	216.92	216.92
Other financial liabilities	-	-	16.58	16.58	16.58
	-	**-**	**308.32**	**308.32**	**308.32**
As at 1 April 2018					
Financial assets					
Investment in equity shares (Quoted)	-	59.93	-	59.93	59.93
Investment in equity shares (Unquoted)	-	13.72	-	13.72	13.72
Cash and cash equivalents	-	-	19.59	19.59	19.59
Receivables	-	-	-	-	-
Investment in Subsidiaries	-	-	2,161.62	2,161.62	2,161.62
Other financial assets	-	-	0.60	0.60	0.60
	-	**73.65**	**2,181.81**	**2,255.46**	**2,255.46**
Financial liabilities					
Payables	-	-	4.52	4.52	4.52
Deposits	-	-	79.23	79.23	79.23
Subordinated liabilities	-	-	202.92	202.92	202.92
Other financial liabilities	-	-	16.58	16.58	16.58 -
	-	**-**	**303.25**	**303.25**	**303.25**

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

(a) The fair value of the quoted investments are based on market price at the respective reporting date.

(b) The fair value of the unquoted investments is determined using combination of different methodologies i.e. discounted cash flow method, comparable Companies method and net assets method with different weightage. The discount rate used is based on management estimates.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

31. Financial instruments - fair values and risk management (Contd.)

B. Measurement of fair values

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

The Company has established the following fair value hierarchy that categories the value into 3 levels.

Financial assets and liabilities measured at fair value - recurring fair value measurements as under:

₹ in lakhs

Particulars	Note	Level 1	Level 2	Level 3	Total
As at 31 March 2020					
Investment in equity shares (Quoted)	6	32.84	-	-	32.84
Investment in equity shares (Unquoted)	6	-	-	16.39	16.39
As at 31 March 2019					
Investment in equity shares (Quoted)	6	56.46	-	-	56.46
Investment in equity shares (Unquoted)	6	-	-	16.39	16.39
As at 1 April 2018					
Investment in equity shares (Quoted)	6	59.93	-	-	59.93
Investment in equity shares (Unquoted)	6	-	-	13.72	13.72

C. Financial risk management

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

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

Risk management framework

The Company's principal financial liabilities includes payable, deposits, subordinated liabilities and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents, receivables, investments and other financial assets that derive directly from its operations.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers. The Company has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

31. Financial instruments - fair values and risk management (Contd.)

C. Financial risk management (Contd.)

Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry also has an influence on credit risk assessment. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers. Outstanding receivables and the credit worthiness of its counter parties are periodically monitored and taken up on case to case basis. There is no material expected credit loss based on the past experience. However, the Company assesses the impairment of receivable on case to case basis and has accordingly created loss allowance on receivables.

Exposure to credit risks

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. The Company evaluates the concentration of risk with respect to receivables as low, as the Company's income are mostly on cash.

The Company's exposure to credit risk for receivables by type of counterparty is as follows.

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Corporate bodies in relation to rental income	8.45	-	-

Receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit loss on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the credit loss allowance for receivables.

Ageing of receivables are as under:

(₹ in lakhs)

Particulars	Not yet due	Less than 60 days	61- 180 days	181-365 days	More than 1 year	Total
As at 31 March 2020	8.45	-	-	-	-	8.45
As at 31 March 2019	-	-	-	-	-	-
As at 1 April 2018	-	-	-	-	-	-

During the period, the Company has made no write-offs of receivables. The Company's management also pursue all legal option for recovery of dues, wherever necessary based on its internal assessment.

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

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.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

31. Financial instruments - fair values and risk management (Contd.)

C. Financial risk management (Contd.)

Exposure to liquidity risks

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

(₹ in lakhs)

Particulars	Carrying amount	Total	Less than 1 years	1 to 2 years	2 to 5 years	More than 5 years
As at 31 March 2020						
Payables	6.15	6.15	6.15	-	-	-
Deposits	67.14	70.00	70.00	-	-	-
Subordinated Liabilities*	230.44	262.66	-	-	262.66	-
Other financial liabilities	16.58	16.58	16.58	-	-	-
	320.31	**355.39**	**92.73**	**-**	**262.66**	**-**
As at 31 March 2019						
Payables	4.11	4.11	4.11	-	-	-
Deposits	70.71	80.00	10.00	70.00	-	-
Subordinated Liabilities*	216.92	262.66	-	-	-	262.66
Other financial liabilities	16.58	16.58	16.58	-	-	-
	308.32	**363.35**	**30.69**	**70.00**	**-**	**262.66**
As at 1 April 2018						
Payables	4.52	4.52	4.52	-	-	-
Deposits	79.23	95.00	15.00	10.00	70.00	-
Subordinated Liabilities*	202.92	262.66	-	-	-	262.66
Other financial liabilities	16.58	16.58	16.58	-	-	-
	303.25	**378.76**	**36.10**	**10.00**	**70.00**	**262.66**

* including estimated dividend as finance cost.

(iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, regulatory changes, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and payables.

Foreign currency risks

All transactions of the Company are in Indian currency, consequently Company is not exposed to foreign currency risk. The Company has no outstanding foreign currency exposure or related derivative contract.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long term and short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

31. Financial instruments - fair values and risk management (Contd.)

C. Financial risk management (Contd.)

Exposure to interest rate risks

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Fixed rate instruments			
Financial assets	-	-	-
Financial liabilities	230.44	216.92	202.92
Variable rate instruments			
Financial assets	-	-	-
Financial liabilities	-	-	-

Cash flow sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

Equity risk

The Company's quoted equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The senior management reviews and approves all equity investment decisions.

Sensitivity analysis

Investment in equity instruments (Quoted) of the Company are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India. The table below summaries the impact of increase/decrease of the Nifty 50 index on the Company's equity and profit for the period. The analysis is based on the assumption that the BSE had increased / decreased by 10% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

(₹ in lakhs)

Particulars	Profit or loss		Equity, net of tax	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
BSE - increase by 10%	3.28	5.65	2.53	4.18
BSE - decrease by 10%	(3.28)	(5.65)	(2.53)	(4.18)

Regulatory risk

The Company's operations is significantly regulated by neither by Central Government nor by State Government. Hence, Regulatory risk to the Company is very low.

32. Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

33. Explanation of transition to Ind AS

As stated in Note 2.1, the Company has prepared its first financial statements in accordance with Ind AS. For the year ended 31 March 2020, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2014 read with the Companies (Accounting Standards) Amendment Rules, 2016 notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 March 2020 including the comparative information for the year ended 31 March 2019 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2018.

In preparing its Ind AS balance sheet as at 1 April 2018 and in presenting the comparative information for the year ended 31 March 2019, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing the financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

(a) Investment Property

As per Ind AS 101 an entity may elect to:

(i) measure an item of investment property at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use carrying values of investment property as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of investment property. There is no decommissioning liabilities to be incurred by the Company relating to investment property.

(b) Property, plant and equipment

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of revaluation, provided the revaluation was, at the date of revaluation, broadly comparable to:

- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect.

(iii) use carrying values of property, plant and equipment as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. There is no decommissioning liabilities to be incurred by the Company relating to property, plant and equipment.

(c) Designation of previously recognised financial instruments

Ind AS 101 permits an entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at fair value through other comprehensive income (FVOCI) based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition). Other equity investments are classified at fair value through profit or loss (FVTPL).

The Company has opted to avail this exemption to designate certain equity investments as FVOCI on the date of transition i.e. 1 April 2018 on the basis of facts and circumstances existed at the date of transition to Ind AS.

(d) Fair value measurement of financial assets or liabilities at initial recognition

The Company has applied the requirements of Ind AS 109, "Financial Instruments: Recognition and Measurement", wherever applicable.

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

33. Explanation of transition to Ind AS (Contd.)

B. Mandatory exceptions

a) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement.

(b) Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions.

(c) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

C. Reconciliation of equity

₹ in lakhs

Particulars	Notes	As at 31 March 2019		
		Reclassified Previous GAAP	Effect of transition to Ind-AS	Ind-AS
ASSETS				
1 Financial Assets				
(i) Cash and Cash Equivalents		14.08	-	14.08
(ii) Investments	(a)	2,176.04	58.43	2,234.47
(iii) Other Financial Assets		0.60	-	0.60
Total Financial Assets		**2,190.72**	**58.43**	**2,249.15**
2 Non-financial Assets				
(i) Current Tax Assets (net)		4.11	-	4.11
(ii) Investment Property		44.68	-	44.68
(iii) Property, Plant and Equipment		0.07	-	0.07
(iv) Other Non-financial Assets		0.31	-	0.31
Total Non-financial Assets		**49.17**	**-**	**49.17**
TOTAL ASSETS		**2,239.89**	**58.43**	**2,298.32**

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

33. Explanation of transition to Ind AS (Contd.)

C. Reconciliation of equity (Contd.)

₹ in lakhs

Particulars	Notes	As at 31 March 2019 Reclassified Previous GAAP	Effect of transition to Ind-AS	Ind-AS
LIABILITIES AND EQUITY				
LIABILITIES				
1 Financial Liabilities				
(i) Payables		4.11	-	4.11
(ii) Deposits	(b)	80.00	(9.29)	70.71
(iii) Subordinated Liabilities	(b)	130.00	86.92	216.92
(iv) Other Financial Liabilities		16.58	-	16.58
Total Financial Liabilities		**230.69**	**77.63**	**308.32**
2 Non-financial Liabilities				
(i) Other Non-financial Liabilities	(b)	1.88	9.46	11.34
Total Non-financial Liabilities		**1.88**	**9.46**	**11.34**
TOTAL LIABILITIES		**232.57**	**87.09**	**319.66**
EQUITY				
(i) Equity Share Capital		1,000.31	-	1,000.31
(ii) Other Equity	(c)	1,007.01	(28.66)	978.35
TOTAL EQUITY		**2,007.32**	**(28.66)**	**1,978.66**
TOTAL EQUITY AND LIABILITIES		**2,239.89**	**58.43**	**2,298.32**

₹ in lakhs

Particulars	Notes	As at 1st April 2018 Reclassified Previous GAAP	Effect of transition to Ind-AS	Ind-AS
ASSETS				
1 Financial Assets				
(i) Cash and Cash Equivalents		19.59	-	19.59
(ii) Investments	(a)	2,176.04	59.23	2,235.27
(iii) Other Financial Assets		0.60	-	0.60
Total Financial Assets		**2,196.23**	**59.23**	**2,255.46**
2 Non-financial Assets				
(i) Current Tax Assets (net)		2.07	-	2.07
(ii) Investment Property		39.73	-	39.73
(iii) Property, Plant and Equipment		0.08	-	0.08
(iv) Capital Work-in-Progress		7.21	-	7.21
(iv) Other Non-financial Assets		1.26	-	1.26
Total Non-financial Assets		**50.35**	**-**	**50.35**
TOTAL ASSETS		**2,246.58**	**59.23**	**2,305.81**
LIABILITIES AND EQUITY				
LIABILITIES				
1 Financial Liabilities				
(i) Payables		4.52	-	4.52
(ii) Deposits	(b)	95.00	(15.77)	79.23
(iii) Subordinated Liabilities	(b)	130.00	72.92	202.92
(iv) Other Financial Liabilities		16.58	-	16.58
Total Financial Liabilities		**246.10**	**57.15**	**303.25**
2 Non-financial Liabilities				
(i) Other Non-financial Liabilities	(b)	0.32	15.77	16.09
Total Non-financial Liabilities		**0.32**	**15.77**	**16.09**
TOTAL LIABILITIES		**246.42**	**72.92**	**319.34**
EQUITY				
(i) Equity Share Capital		1,000.31	-	1,000.31
(ii) Other Equity	(c)	999.85	(13.69)	986.16
TOTAL EQUITY		**2,000.16**	**(13.69)**	**1,986.47**
TOTAL EQUITY AND LIABILITIES		**2,246.58**	**59.23**	**2,305.81**

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

33. Explanation of transition to Ind AS (Contd.)

D Reconciliation of total comprehensive income

₹ in lakhs

Particulars			Year ended 31 March 2019		
			Reclassified Previous GAAP	Effect of transition to Ind-AS	Ind-AS
I.	**Revenue from Operations**				
	(i) Interest Income	(b)	-	6.31	6.31
	(ii) Dividend Income		0.40	-	0.40
	Total Revenue from Operations		**0.40**	**6.31**	**6.71**
II.	**Other Income**				
	(i) Rental Income		36.88	-	36.88
	(ii) Other Income		0.01	-	0.01
	Total Other Income		36.89	-	36.89
III.	**Total Income (I + II)**		37.29	6.31	43.60
IV.	**Expenses**				
	(i) Finance Costs	(b)	-	20.48	20.48
	(ii) Fees and Commission Expenses		7.01	-	7.01
	(iii) Depreciation Expense		2.27	-	2.27
	(iv) Other Expenses		19.20	-	19.20
	Total Expenses		**28.48**	**20.48**	**48.96**
V.	**Profits before tax (III - IV)**		**8.81**	**(14.17)**	**(5.36)**
VI.	**Tax expense**				
	Current tax		1.65	-	1.65
	Deferred tax		-	-	-
	Total Tax expenses		**1.65**	**-**	**1.65**
VII.	**Profit for the year (V-VI)**		**7.16**	**(14.17)**	**(7.01)**
VIII.	**Other comprehensive income**				
	Items that will not be reclassified subsequently to profit or loss				
	(i) Equity investments through other comprehensive income - net change in fair value	(a)	-	(0.80)	(0.80)
	Other comprehensive income for the year, net of income tax		**-**	**(0.80)**	**(0.80)**
IX.	**Total comprehensive income for the year (VIII+IX)**		**7.16**	**(14.97)**	**(7.81)**

E. There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

F. Notes to the reconciliations of equity as at 1 April 2018 and 31 March 2019 and total comprehensive income for the year ended 31 March 2019:

(a) Investments:

In accordance with Ind AS, financial assets representing investment in equity shares of entities have been fair valued. The Company has designated equity investments as at fair value through other comprehensive income as permitted by Ind AS 109. Under the previous GAAP, the application of the relevant accounting standard resulted in these investments being carried at cost.

The impact arising from the change is summarised as follows:

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 1 April 2018
Balance sheet		
Increase in Investments - Equity shares at FVOCI	58.43	59.23
Adjustment to other comprehensive income	**58.43**	**59.23**

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

33. Explanation of transition to Ind AS (Contd.)

F. Notes to the reconciliations of equity as at 1 April 2018 and 31 March 2019 and total comprehensive income for the year ended 31 March 2019: (Contd.)

(a) Investments: (Contd)

₹ in lakhs

Particulars	Year ended 31 March 2019
Other comprehensive income	
Equity instruments through other comprehensive income - net change in fair value	(0.80)
Adjustment to other comprehensive income	(0.80)

(b) Deposits and Subordinated Liabilities:

Based on Ind AS 109, financial liabilities in the form of deposits and subordinated liabilities have been accounted at amortised cost using the effective interest rate method.

The impact arising from the change is summarised as follows:

₹ in lakhs

Particulars	As at 31 March 2019	As at 1 April 2018
Balance sheet		
Decrease in Deposits at amortised cost	9.29	15.77
Increase in Subordinated Liabilities	(86.92)	(72.92)
Increase in Other Non-financial Liabilities - Deferred Income on Security Deposits	(9.46)	(15.77)
Adjustment to retained earnings	**(87.09)**	**(72.92)**

₹ in lakhs

Particulars		Year ended 31 March 2019
Statement of Profit and Loss		
Interest Income on Security Deposits		6.31
Less: Finance costs		
- Interest on deposits	6.48	
- Dividends on preference shares classified as subordinated liabilities measured at amortised cost	14.00	20.48
Adjustment to profit before tax		**(14.17)**

(c) Other / Total Equity

Reconciliation of other / total equity from previous GAAP to Ind AS is as follows:

₹ in lakhs

Particulars	Note	Other Equity		Total Equity	
		As at 31 March 2019	As at 1 April 2018	As at 31 March 2019	As at 1 April 2018
As per previous GAAP		1,007.01	999.85	2,007.32	2,000.16
Increase in Investments - Equity shares at FVOCI	(a)	58.43	59.23	58.43	59.23
Decrease in Deposits at amortised cost	(b)	9.29	15.77	9.29	15.77
Increase in Subordinated Liabilities	(b)	(86.92)	(72.92)	(86.92)	(72.92)
Increase in Other Non-financial Liabilities - Deferred Income on Security Deposits	(b)	(9.46)	(15.77)	(9.46)	(15.77)
As per Ind AS		**978.35**	**986.16**	**1,978.66**	**1,986.47**

Notes to financial statements as at and for the year ended 31 Mar 2020 (Contd.)

33. Explanation of transition to Ind AS (Contd.)

F. Notes to the reconciliations of equity as at 1 April 2018 and 31 March 2019 and total comprehensive income for the year ended 31 March 2019: (Contd.)

(d) Total Comprehensive Income

Reconciliation of Profit after tax and Other Comprehensive Income from previous GAAP to Ind AS is as follows:

₹ in lakhs

Particulars	Note	Year ended 31 March 2019		
		Profit / (Loss) after tax	Other Comprehensive Income	Total Comprehensive Income
As per previous GAAP		7.16	-	7.16
Equity instruments through other comprehensive income - net change in fair value	(a)	-	(0.80)	(0.80)
Interest Income on Security Deposits	(b)	6.31	-	6.31
Finance costs - Interest on deposits	(b)	(6.48)	-	(6.48)
Finance costs - Dividends on preference shares classified as subordinated liabilities at amortised cost	(b)	(14.00)	-	(14.00)
As per Ind AS		**(7.01)**	**(0.80)**	**(7.81)**

34. The previous year's including figures as at the date of transition have been reworked, regrouped, rearranged and reclassified wherever necessary on transition to Ind AS. Amounts and other disclosures for the preceding years including figures as at the date of transition are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date attached

For **Agrawal Subodh & Co.**
Chartered Accountants
ICAI Firm's Registration No.: 319260E

Prosanta Mukherjee
Partner
Membership No.: 053651

Place: Kolkata
Date: 25 June 2020

For and on behalf of the Board of Directors

Chand Bihari Patodia
Managing Director
DIN: 01389238

Shalini Nopany
Director
DIN: 00077299

Mayuri Raja
Company Secretary

Deepak Kumar Sharma
Chief Financial Officer