NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. Company Overview

MRC EXIM LIMITED, MUMBAI ('the Company'), was incorporated on 12 October 2016 It is a public limited company. The Company is mainly engaged in the business of trading, imports and exports of metals, allied alloys, import licenses and like products.

B. System of Accounting:

The Company is engaged in the business trading, imports and exports of metals, allied alloys, and import licenses and like products. The above activities are carried out during the year with all the required approvals. Financial statements have been prepared on the historical cost convention and in accordance with Generally Accepted accounting principles. .

C. SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian "GAAP") under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards (AS) notified under Section 133 of the Companies Act, 2013 read together with the paragraph 7 of the Companies (Accounts) Rules 2014.The Financial Statements have been prepared under the historical cost convention on an accrual basis. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve month) and other criteria set out in the Schedule III to the Act.

II. USE OF ESTIMATES

Preparation of financial statement in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could results in differences between the actual results and estimates could result in differences between the actual results and estimates which are recognized in future period.

III. CURRENT / NON - CURRENT CLASSIFICATION

The Schedule III to the Act requires Assets and Liabilities to be classified as either Current or Non-current.

An asset is classified as current when it satisfies any of the following criteria

a. it is expected to be realized in, or is intended for sale or consumption in, the entity's normal operating cycle;
b. It is held primarily for the purpose of being traded;
c. it is expected to be realized within 12 months after the Balance Sheet date; or
d. It is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:
a. it is expected to be settled in the entity's normal operating cycle;
b. it is held primarily for the purpose of being traded;
c. it is due to be settled within twelve months after the Balance Sheet date; or
d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the Balance Sheet date.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current

IV. OPERATING CYCLE

Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current, non-current classification of assets and liabilities.

V. PROPERTY, PLANT AND EQUIPMENTS AND ITS DEPRECIATION

Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and impairment, if any. Cost comprises of purchase price, and other directly attributable expenses of bringing the asset to its working condition for the intended use.

Depreciation on tangible fixed assets (other than leasehold land, leasehold improvements) is provided on Written Down Value method based on useful life prescribed under Part C of Schedule II to the Act.

Depreciation in respect of all the assets is provided on written down value method over the useful lives of assets estimated by the Company. Depreciation for assets purchased/ sold during the period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on written down value method, commencing from the date the asset is available to the Company for its use. The Company estimates the useful life of fixed assets as follows:

Assets Classification	Useful life
Computer	3 years
Air Conditioner	15 years

VI. INTANGIBLE ASSETS AND AMORTIZATION

Intangible Assets are measured at acquisition cost less accumulated amortization of previous years until the applicability of schedule II of Companies Act 2013. Therefore no amortization has been considered due to the life of the intangible asset is more than ten years.

VII. BORROWING COST

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. Other borrowing costs are recognized as an expense in Statement of Profit and Loss in the period in which they are incurred.

VIII. INVESTMENTS

Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are carried at cost less any other than temporary diminution in value, determined separately for each individual investment. Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

VII. IMPAIRMENT OF ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. The recoverable amount is recovered on the cash flows that are largely realizable from the asset which is considered for impairment. In cases where the carrying amount of the asset exceeds its recoverable amount or is nil, the asset is considered as impaired and the asset written down to the recoverable amount. The amount written off is reduced from the Cost of the Asset concerned and is Debited to the Profit and Loss Account under the head “Bad Debts Written Off “ or “Impairment of Assets” under Administrative and Other Expenses.

VIII. REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the company and revenue can be reliably measured. Sales are recognized when significant risk and rewards of ownership of the goods have passed to the buyer which coincides with delivery and are recorded net of trade discounts GST. Interest income is recognized on time proportion basis taking into account the amount outstanding and the applicable rate.

IX. RETIREMENT AND OTHER EMPLOYEE BENEFITS

Gratuity:

Gratuity liability would be considered only after the period when the Company would be covered under the Definition of Gratuity Act, 1972. The Gratuity liability is a defined benefit obligation and is computed on the basis of an actuarial valuation by an actuary appointed for the purpose as per projected unit credit method at the end of each financial year. The liability is so provided is paid to a Trust administered by the Company, which in turn invest in eligible securities to meet the liability as and when it accrues for payment in future. Actuarial gains / losses are immediately taken to the statement of Profit and Loss. Any shortfall in the value of assets over the defined benefit obligation is recognized as a liability with a corresponding charge to the Statement of Profit and Loss.

X. LEAVE ENCASHMENT:

The Company does not carry forward balance in Leave account as at the end of the Financial Year. The Balance, if any, at the end of the Financial Year is paid along with the Payroll. In case of resignation of an employee the leave salary is paid at the time of full and final settlement.

XI. TAXATION

Tax Expenses includes provision for current tax and deferred tax. Provision for Current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of the Income Tax Act, 1961.Deferred tax is recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit note issued by Institute of Chartered Accountants of India ("ICAI"), the said asset is created by way of a credit to the Statement of Profit and Loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

XII. PROVISION AND CONTINGENCIES

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

XIII. TRADE RECEIVABLES AND LOANS AND ADVANCES

Trade receivables and loans and advances are stated after making adequate provision for doubtful receivables and loans and advances.

XIV. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currency will be recorded at the exchange rate prevailing on the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year will be recognized in the Statement of Profit and Loss.

Monetary assets and monetary liabilities denominated in foreign currency as at the Balance Sheet date are translated at the closing exchange rates on that date and the resultant exchange rate differences are recognized in the Statement of Profit and Loss.

All forward exchange contracts are backed by underlying transactions and the premium or discount arising at inception of such a forward exchange contract is amortised as expense or income over the life of the contract and the difference between the year end rate and rate on the date of the contract is recognized as exchange difference in the Statement of Profit and Loss.

XV. Taxes

Income tax expense comprises of current tax expense and deferred tax expense or credit.

Current taxes

Provision for current tax is recognized in accordance with the provisions of the Income-Tax Act, 1961 and is made annually based on the tax liability computed after considering tax disallowances, allowances and exemption.

Deferred taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

XVI. Earnings per share ('EPS')

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The diluted earnings per share is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

XVII. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

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

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent liabilities

Disclosure for a contingent liability is made without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

Contingent assets

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the assets and related income are recognized in the period in which the change occurs.

XVIII. PRIOR PERIOD EXPENDITURE:

The expenditure relating to prior period has been accounted for and shown separately in the financial statement.

XIX. GENERAL

Accounting Policies not specifically referred to are consistent with generally accepted Accounting Practices.

XX. DISCLOSURES:

Information required under the Companies Act, 2013 and other statutes are given to the extent applicable.

D. CONTINGENT LIABILITY

In the opinion of the Management and on the basis of the Certificate provided there are no Contingent Liability and Commitments as on the date of signing the Financial Statement.

E. AUDITORS REMUNERATION

Particulars	Period ended 31.03.2019	Year ended 31.03.2018
Audit Fees	**35,000**	**35,000**

F. **EARNING PER SHARE**

Basic Earnings Per Share (EPS) is computed by dividing the net profit for the year attributable to the equity shareholders, by weighted average number of equity shares outstanding during the year. Numbers used for calculating basic and diluted earnings per share are as stated below:

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2019
Profit for the year	14,47,978	-1,22,179
Weighted average number of Equity shares outstanding	29,052,250	1,04,20,900
Earnings Per Share (Rs.) - Basic (Face value of Rs. 10 per share)	**0.00**	**0.40**
stock options/ performance share schemes	-	-
Weighted average number of Equity shares (including dilutive shares) outstanding	29,052,250	1,04,20,900
Earnings Per Share (Rs.) - Diluted (Face value of Re. 10 per share)	0.14	-0.01

G. **EMPLOYEE BENEFITS**

Gratuity

The Company is presently not covered under the Payment of Gratuity Act 1972 since the employee strength is less than 10. Further none of the employee have completed Five years of continues service due to which Actuarial valuation has not been carried out.

Leave Salary

The Company has a leave policy in place and the payment of the credit leaves available of the employees are paid along with payroll in the month of March. Due to the aforesaid reasons no provision made for leave salary during the financial year Actuarial gains/losses are immediately taken to the Statement of Profit & Loss.

H. **DISCLOSURE REQUIREMENT UNDER MSMED ACT, 2006**

As per the details available with the Company none of the dues are payable to the creditor who is covered under the MSMED Act, 2006.

I. **RELATED PARTIES DISCLOSURE**

As per Accounting Standard -18 issued by the Institute of Chartered Accountants of India the related parties' transactions are disclosed as under: -

A) List of Related Parties: - (as Certified by Management)

i. Enterprises where control exists

ii. Key Management Personnel

Mr. Chandu Jain	Chairman and Director
Mr. Jitendra Jain	Independent Director
Mr. Kirit Kumar Madhavlal Shah	Managing Director
Ms. Nilamben V Mehra	Independent Director
Mr. Ankur Choksi	Chief Financial Officer
Mr. Jikesh Shah	Director
Mrs. Diksha Upadhyay	Company Secreatary

B) Transactions during the year and balances outstanding as on 31st March, 2019 with related Parties were as follows:

Name	Nature of Relationship	Transaction	2018-19
Mr. Jikesh Shah	Director	Remuneration	1,80,000
Mr. Kirit Shah	Director	Remuneration	1,80,000
Ms. Diksha Upadhyay	Company Secretary	Remuneration	1,20,000

J. In the opinion of the Board current assets, Loans and Advances except to the extent stated specifically are approximately of the values based if realized in ordinary course of business.

K. The Schedules referred to above are an integral part of Balance Sheet.

For MRC EXIM LIMITED

ASHOK PURI	**Kirit Kumar Shah**	**Jikesh Shah**
Partner	**Managing Director**	**Director**
Membership No. 13203		
Firm Reg. No. 112861W	**DIN: 02764071**	**DIN: 02809371**

Place: Mumbai
Date: May 30, 2019