

## Significant Accounting Policies and Notes Forming Part of the Financial Statements as at 31.03.2020

### Corporate Information:

Gayatri Tissue and Papers Ltd. is incorporated in the year 1987 executing infrastructure works as sub-contractors.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Compliance with Indian Accounting Standards (Ind AS 108)

The Consolidated Financial statements have been prepared to comply with generally accepted accounting principles in accordance with the Indian Accounting Standards (herein after referred to as "Ind AS 108") as notified by the Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act 2013 ("the Act") read with rule 3 of the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendments rules 2016.

#### 1.2. Basis of Preparation and Presentation of Financial Statements

The financial statements have been prepared to comply in all respects with mandatory Accounting Standards issued by Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013. The accounts are prepared under historical cost convention and on the going concern basis, with revenue recognized, expenses accounted on their accrual and in accordance with applicable Accounting Standards issued by Institute of Chartered Accountants of India. The accounting policies have been consistently applied by the company.

#### 1.3. Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

#### 1.4. Revenue recognition

- a) Revenue from fixed price construction contracts is recognised by reference to the percentage of completion basis, which necessarily involve technical estimates of the percentage of completion, and costs to completion, of each contract / activity, on the basis of which profits and losses are accounted. Such estimates, made by the Company and certified to the Auditors have been relied upon by them, as there are of technical nature.
- b) The stage of completion of contracts is measure by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.

#### 1.5. Fixed Assets and Depreciation

- a) Fixed Assets are stated at cost of acquisition, less accumulated depreciation thereon. Expenditure which are of capital in nature are capitalized at cost, which comprises of purchase price (net of rebates and discounts), import duties, levies, financing costs and all other expenditure directly attributable to bringing the asset to its working condition for its intended use.
- b) Depreciation is provided on straight line method at the rates prescribed in Schedule II of the Companies Act, 2013. Leasehold improvements are amortized over the period of lease.

#### 1.6. Earnings per share

Basic and Diluted Earnings Per Share (EPS) is reported in accordance with Accounting Standard on Earning Per Share issued by ICAI. EPS is computed by dividing the net profit or loss for the year by weighted average number of Equity shares outstanding during the year.

**1.7. TAXATION**

**a) Current Tax**

Provision for Current tax is made based on the liability computed in accordance with the relevant tax rates and provisions of Income Tax Act, 1961. Provision for deferred tax is made for timing differences arising between the taxable incomes and accounting income computed using the tax rates and the laws that have been enacted or substantively enacted as of the Balance Sheet date.

**b) Deferred Taxes**

Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. Deferred Tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

**1.8. IMPAIRMENT OF FIXED ASSETS**

The carrying amount of assets, other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. The recoverable amount is the higher of the asset's net selling price and value in use which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

**2. INVENTORY**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Closing Work in Progress	5,33,000	—

**3. TRADE RECEIVABLES**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	<b>71,89,007</b>	8,02,063
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	—	—
<b>TOTAL</b>	<b>71,89,007</b>	8,02,063

**4. CASH AND CASH EQUIVALENTS**

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Cash on hand	<b>21,362</b>	38,878
b) Balances with Banks	<b>13,264</b>	12,330
<b>TOTAL</b>	<b>34,626</b>	51,208

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5. SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>a) Loans and Advances to Related Parties</b>	—	—
Secured, Considered Good	—	—
<b>b) Loans and Advances to Others</b>	—	—
Secured, Considered Good	—	—
Loans to others	—	17,90,000
Rent Advance	50,000	50,000
Income Tax refund receivable	2,26,808	2,90,748
Other Advances	4,01,39,142	3,97,29,255
<b>TOTAL</b>	<b>4,04,15,950</b>	<b>4,18,60,003</b>

6. SHARE CAPITAL

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Authorised</b> 1,65,00,000 Equity shares of ₹10/- per value	<b>16,50,00,000</b>	16,50,00,000
<b>Issued, Subscribed and Paid-Up</b> Equity shares, ₹10/- per value 15,00,000 equity shares fully paid-up	<b>1,50,00,000</b>	1,50,00,000
	<b>1,50,00,000</b>	<b>1,50,00,000</b>

6 (a) The details of Share Holders holding more than 5 percent shares as at 31st March, 2020 and 31st March, 2019 is set out below:

Name of Share Holder	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
T. Indira Reddy	11,24,700	74.98	11,24,700	74.98

7. RESERVES AND SURPLUS

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>General Reserve</b>		
Opening Balance	20,00,000	20,00,000
Add: Transferred from Surplus	—	—
	<b>20,00,000</b>	20,00,000
<b>Profit and Loss Account</b>		
Opening Balance	2,44,06,580	2,22,12,688
Add: Net profit after Tax	1,52,615	21,93,892
Amount available for appropriation	<b>2,45,59,195</b>	2,44,06,580
<b>TOTAL</b>	<b>2,65,59,195</b>	<b>2,64,06,580</b>

8. CURRENT LIABILITIES

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Payables	60,95,803	10,17,000
<b>TOTAL</b>	<b>60,95,803</b>	<b>10,17,000</b>

9. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2020	As at 31st March, 2019
Other Liabilities	4,96,643	2,55,031
Statutory Liabilities	20,942	34,663
<b>TOTAL</b>	<b>5,17,585</b>	<b>2,89,694</b>

10. REVENUE FROM OPERATION

Particulars	As at 31st March, 2020	As at 31st March, 2019
Revenue from Operations	81,85,000	2,41,00,000

11. OTHER INCOME

Particulars	As at 31st March, 2020	As at 31st March, 2019
Other income	12,180	—

12. WORK EXPENDITURE

Particulars	As at 31st March, 2020	As at 31st March, 2019
Work Executed by Sub-contractor	61,30,730	1,68,70,000
Earth Work	—	—
Other Work Expenditure	—	18,71,100
<b>TOTAL</b>	<b>61,30,730</b>	<b>1,87,41,100</b>

13. CHANGES IN WORK IN PROGRESS

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening Work in Progress	—	—
Closing Work in Progress	(5,33,000)	—
<b>TOTAL</b>	<b>(5,33,000)</b>	<b>—</b>

14. EMPLOYEE BENEFITS EXPENSES

Particulars	As at 31st March, 2020	As at 31st March, 2019
Salaries and Wages	12,62,400	12,62,316
<b>TOTAL</b>	<b>12,62,400</b>	<b>12,62,316</b>

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**15. OTHER EXPENSES**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Printing and Stationery	6,720	39,500
Telephones	32,000	48,000
Traveling and Conveyance	29,152	39,324
Advertisement Expenses	1,32,624	1,32,224
General Expenses	27,440	32,332
Consultancy Fee	80,000	80,000
Listing Fee	3,00,000	2,50,000
Rent	2,34,000	2,34,000
Office Maintenance	6,875	34,630
Registration & Filing Fee	35,165	49,765
Interest on late payments of TDS	3,539	4,836
Bank Charges	178	36
Auditors Remuneration	80,000	80,000
Conveyance	44,096	36,000
Rates & Taxes	5,000	26,200
Incometax-Previous year	39,016	—
Directors sitting Fee	75,000	55,000
<b>TOTAL</b>	<b>11,30,805</b>	<b>11,41,847</b>

**16. TAX EXPENSES**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Tax expenses	53,630	7,60,845
<b>TOTAL</b>	<b>53,630</b>	<b>7,60,845</b>

**17. EARNING PER SHARE (EPS)**

Earnings per share calculated in accordance with the Indian Accounting Standards as notified by the Ministry of Corporate Affairs. For the purpose of computing

Particulars	2019-20	2018-19
a) Net profit available for equity share holders	1,52,615	21,93,892
b) Weighted average No. of equity shares as denominator for calculating EPS.	15,00,000	15,00,000
c) Basic and Diluted EPS (Rs.)	0.10	1.46

**a. Financial Instruments:**

**A.** Some of the Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period.

**Financial Instruments by category.**

Financial Assets and Financial Liabilities are the categories of Financial Instruments.

**Financial Assets:**

(In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>EQUITY INVESTMENTS:</b>		
Measured at fair value through profit or loss (FVTPL):	0.00	0.00
Equity Investments in Other Entities	0.00	0.00
Measured at Cost:		
i) Investments in Equity Instruments of Subsidiaries, Associates	0.00	0.00
ii) Investments of Equity Instruments of Associate Company pursuant to composite scheme of Merger & Demerger.		
<b>INVESTMENTS IN PREFERENCE SHARES:</b>		
Measured at Fair Value through profit or loss (FVTPL):		
Non – Convertible redeemable cumulative preferential Shares in Other Entity	0.00	0.00
Measured at Cost:		
Investments of Preference Shares of Associate Company pursuant to composite scheme of Merger & Demerger.	0.00	0.00

**Financial Liabilities:**

(In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Measured at amortized cost:		
Financial Liabilities i.e Borrowings	0.00	0.00

**B. Fair value hierarchy**

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

Level 2 inputs are other than quoted prices included within 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.

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**Certain Financial Assets and Financial Liabilities that are not measured at Fair Value but Fair value disclosures are required:**

Particulars	As at 31st March, 2020 (Carrying Value & Fair Value) (Level-2)	As at 31st March, 2019 (Carrying Value & Fair Value) (Level-2)
<b>Fair Value Hierarchy</b>		
<b>Financial Assets:</b>		
Investments	Nil	Nil
Non- Current Loans	Nil	Nil
Other Financial Assets	Nil	Nil
Current Investments	Nil	Nil
Trade Receivables	71,89,007	8,02,063
Deposits with Contractees	Nil	Nil
Cash & Cash Equivalents	34,626	51,208
Current Loans	4,04,15,950	4,18,60,003
<b>Financial Liabilities:</b>		
Borrowings	Nil	Nil
Trade Payables	Nil	Nil
Other Financial Liabilities	Nil	Nil

**18. REMUNERATION TO STATUTORY AUDITORS**

Particulars	2019-20	2018-19
<b>1. Statutory Audit</b>	<b>80,000</b>	<b>80,000</b>

Fee mentioned above includes GST

**19. DETAILS OF RELATED PARTIES:**

Associated Companies	Relationship	Nature of Transaction
Gayatri Projects Limited	Associated Companies	Contract

**20. RELATED PARTY TRANSACTIONS**

Details of Transactions as per Accounting Standard (Ind AS) are as under

S.No.	Description	2019-2020 Associate concerns	2018-2019 Associate concerns
1.	Gayatri Projects Limited - Contract Receipts	81,85,000	2,41,00,000
2.	Deep Corporation Private Limited - Rent	NIL	NIL
3.	Closing Balances-Debit- Contract Receipts	71,89,007	8,02,063
4	Closing Balances-Credit	NIL	NIL

19. Previous year figures have been regrouped/ rearranged / reclassified wherever necessary to confirm with the current year presentation. All amounts are rounded off to the nearest rupee.
20. Information as per para 4C of part II of Sch. VI of the Companies Act – regarding licensed, installed, actual production is not applicable to the Company.

As per our report of even date

For and on behalf of the Board

**For N G RAO & ASSOCIATES.,**  
Chartered Accountants  
Firm's Reg Number:009399S

Sd/-  
**(G.NAGESWARA RAO)**  
Partner  
Membership No.207300

Sd/-  
**(T. INDIRA REDDY)**  
Chairperson  
DIN : 00009906

Sd/-  
**(P. MARUTHI BABU)**  
Executive Director  
DIN : 00016650

Place :Hyderabad  
Date: 25-06-2020

Sd/-  
**(G. MURALI KRISHNA)**  
Chief Financial Officer

Sd/-  
**(DINESH VEMULA)**  
Company Secretary

