

Statement of Profit and Loss for the year ended 31st March 2019

Particulars	Notes	(Amounts in ₹ (Lacs))	
		For the Year ending on 31st march 2019	For the Year ending on 31st march 2018
I Revenue from Operations	21	25,513	24,273
II Other Income	22	110	289
Total Income		25,623	24,562
III Cost of Material Consumed	23	20,392	17,845
Change in Inventories of Finished Goods, Stock in Trade and WIP	24	(847)	490
Excise Duty		-	681
Employee Benefit Expenses	25	1,316	1,253
Finance Costs	26	699	638
Depreciation and Amortisation Expenses	27	431	359
Other Expenses	28	3,063	2,860
Total Expenses		25,054	24,126
IV Profit/(Loss) before Exceptional Items and Tax		569	436
V Exceptional Items		4	-
VI Profit/(Loss) before Tax		565	436
VII Tax Expense:	29		
(1) Current Tax		114	9
(2) Deferred Tax		48	56
VIII Profit/(loss) for the year from continuing operations		403	371
IX Profit/(loss) from discontinued operations		-	-
X Tax expense from discontinued operations		-	-
XI Profit/(Loss) after tax for the period from discontinued operations		-	-
XII Profit/(Loss) for the year		403	371
XIII Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of net defined benefit liability		7	(10)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(2)	3
Other Comprehensive Income/(Loss) for the year		5	(7)
XV Total Comprehensive Income for the year		408	364
XVI Earnings per Equity Share :	32		
(1) Basic		0.50	0.46
(2) Diluted		0.50	0.46
Significant Accounting Policies	1		

Notes forming part of the Financial Statement

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For **A. K. MEHARIA & ASSOCIATES**

Chartered Accountants

Firm Registration No. 324666E

A. K. Meharia

Partner

Membership No. 053918

Dated : 22th day of May, 2019

Place : Kolkata

Vikram Jhunjunwala

Chairman & Managing Director

DIN - 00169833

Rohit Kumar

Company Secretary

Madan Gopal Todi

Director

DIN - 00112568

Nitesh Kumar Kyal

Chief Financial Officer

Notes to the Financial Statements (Contd.)

(Amounts in ₹ (Lacs))

	31 March 2019	31 March 2018
20. Current Tax Liabilities (Net)		
Provision for Income Tax (Net of Advance)	16	18
	16	18
	31 March 2019	31 March 2018
21. Revenue From Operations		
Operating Revenue		
Manufacturing Sales	25513	24273
	25513	24273
	31 March 2019	31 March 2018
22. Other Income		
Interest from		
Bank Deposits	23	19
Loans and Deposits	17	11
	40	30
Other Income		
Industrial Promotional Assistance	0	211
Capital Investment Subsidy	0	13
Rental Income	5	1
Liabilities Written Back	23	0
Reversal of Provision of ECL	37	2
Miscellaneous Income	5	32
	70	259
	110	289
	31 March 2019	31 March 2018
23. Cost of Material Consumed		
Raw Material Consumed	20392	17845
	20392	17845
	31 March 2019	31 March 2018
24. Changes in Inventories		
Opening Stock		
Work-in-Progress	1168	1628
Finished Goods	274	304
	1442	1932
Closing Stock		
Work-in-Progress	2164	1168
Finished Goods	125	274
	2289	1442
	(847)	490

Notes to the Financial Statements (Contd.)

(Amounts in ₹ (Lacs))

	31 March 2019	31 March 2018
25. Employee Benefit Expense		
Salaries, Wages and Bonus	1147	1066
Contribution to Provident and Other Funds	137	139
Staff Welfare	32	48
Refer Note No. 33	1316	1253
	31 March 2019	31 March 2018
26. Finance costs		
Interest Expense on Borrowings	557	516
Others	4	5
Other Borrowing Costs	138	117
	699	638
	31 March 2019	31 March 2018
27. Depreciation and Amortisation		
Depreciation and Amortization Expenses	431	359
	431	359
	31 March 2019	31 March 2018
28. Other Expenses		
Stores & Spares Consumed	206	183
Provision for Interest Receivables Discounting	0	7
Power & Fuel	1251	1302
Packing Expenses	357	353
Freight & Forwarding Charges	468	447
Rent	70	62
Rates and Taxes	14	8
Insurance	5	8
Repairs - Building	2	17
Repairs- Plant & Machinery	232	156
Professional Fees	23	32
Miscellaneous Expenses	435	284
Sales Tax Settlement	0	1
	3063	2860
	31 March 2019	31 March 2018
29. Tax Expense		
(1) Current Tax		
Provision for Taxation	112	44
Less: MAT Entitlement	0	-40
Income Tax for Earlier Years	2	5
	114	9
(2) Deferred Tax	48	56
	162	65

Notes to the Financial Statements (Contd.)

(Amounts in ₹ (Lacs))

30. Earnings Per Equity Share

The Company's Earnings Per Share ('EPS') is determined based on the net profit / (loss) attributable to the shareholders' of the . Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.

	31 March 2019	31 March 2018
Net Profit / (Loss) attributable to Equity Shareholders		
Profit / (Loss) after Tax (Rs. in lacs)	403	371
Nominal value of Equity Share (Rs.₹)	1	1
Weighted-Average number of Equity Shares for Basic & Diluted EPS	8,00,00,000	8,00,00,000
Basic & Diluted Earnings Per Share (Rs.)	0.50	0.46

31. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and 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.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using other valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Notes to the Financial Statements (Contd.)

(Amounts in ₹ (Lacs))

32. Commitments & Contingent Liabilities**(A) Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for:

At 31st March 2019, the Company had commitments of relating to estimated amount of completion of Property, Plant & Equipment-

	31 March 2019	31 March 2018
Descriptions		
Estimated amount of contracts remaining to be executed and not provided for (Net of Advances)	213	165

(B) Contingent Liabilities

	31 March 2019	31 March 2018
Descriptions		
(i) Guarantees / Letter of Credits	1056	1379
(ii) Other Money for which the Company is Contingently Liable		
1. Bills Discounted with Banks	237	140
2. Sales Tax Demand	0	20
3. Employees State Insurance Demand	3	3
4. Export Obligation under EPCG	-	-
5. Service Tax Demand	1	1
6. Excise Duty Demand	8	2
7. West Bengal Entry Tax	673	673

- (a) Bank Guarantees outstanding Rs. 294 lacs (previous year Rs.275 lacs) and Letters of Credit issued by Banks on behalf of the Company Rs. 762 Lacs (Previous year Rs. 1104 lacs) against which Rs. 164 lacs (previous year Rs. 164 lacs) have been deposited with the Banks as Margin Money.
- (b) The Employees State Insurance Corporation (ESI) has raised a demand of Rs.3 lacs plus interest of Rs. Nil Lac (Rs. 108.81) per day w.e.f. 1.1.2004 for the period 1999-2000 to 2000-2001. The company has preferred an appeal against the demand at the Employees Insurance Court, West Bengal. The Honorable Court has stayed the demand till final disposal of Company's appeal.
- (c) The Company has received Service tax demand Rs 1.05 lacs for the years 2011-2012, against which the Company has preferred appeals before the Commissioner of Central Excise (Appeals) under section 35 of the Central Excise Act,1944
- (d) The Company has received Service tax demand Rs 1.03 lacs for the years 2013-2014, against which the Company has preferred appeals before the Commissioner of Central Excise (Appeals) under section 35 of the Central Excise Act,1944
- (e) The Company has received Excise duty demand of Rs. 7.08 Lacs for the years 2013-2014 against which the Company has preferred appeals before the Commissioner of Central Excise (Appeals) under section 35 of the Central Excise Act,1944.
- (f) The Divisional Bench of Hon'ble High Court, Calcutta has stayed the operation of single bench order dated 24-06-2013, which ordered levy of West Bengal Tax on Entry of Goods into Local Areas Act, 2012 as ultra vires to the Constitution of the India. The Hon'ble High Court, further directed that the assessment proceedings should go on. In view of above and as per legal opinion obtained by the Company, the Company has written back Rs. 26 Lacs unpaid amount of said tax for the financial year 2012-13 and no provision of the tax of Rs 673 lacs (Previous year 673 Lacs) and other consequential demand arise from assessment in considered necessary.

Notes to the Financial Statements (Contd.)

(Amounts in ₹ (Lacs))

(c) Leases

Finance Lease Commitments

Future minimum rentals payable under non-cancellable finance leases as at 31st March are, as follows:

	Gross Amount Payable		Present Value	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
Within one year	4	4	1	1
After one year but not more than five years	14	14	2	2
More than five years	139	142	3	4

Particulars	31st March 2019		31st March 2018	
	Current	Non current	Current	Non current
33. Employee Benefit Obligations				
Gratuity	38	68	26	92
Leave Obligation	4	44	3	43
Total	42	112	29	135

Leave Obligations

The leave obligations cover the Company's liability for earned leaves. The amount of provision of INR 4 lacs (Previous year 3 lacs) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

	31st March 2019	31st March 2018
Current leave obligations expected to be settled within the next 12 months	4	3

	31st March 2019	31st March 2018
Movement in the Liability Recognised in the Balance Sheet is as under:		
Description		
Present value obligation as at the start of the year	46	44
Current Service Cost	5	5
Interest Cost	4	3
Remeasurements- Due to financial assumptions	-	1
Remeasurements- Due to experience adjustments	(2)	(1)
Actuarial Loss/(Gain) recognized during the year	(0)	(0)
Benefits Paid	(4)	(6)
Present value of defined benefit obligation as at the end of the year	48	46

Notes to the Financial Statements

The Company Information

Century Extrusions Limited ('the Company') is one of India's large pure play aluminium extrusion manufacturer. The Company enjoys a number of first mover advantages comprising a comprehensive understanding of the aluminium and aluminium extrusions market, reputed brand, low historical asset cost and a strong customer base, among others. The Company possesses in-house facilities for die manufacturing, melting and casting of billets and the extrusions manufacturing facility with three press lines. The Company manufactures extrusions for varied applications (architectural, hardware, road transport - vehicles, railways, electrical and electronic applications, engineering applications, automotive sector, consumer durables, Defence applications and irrigation, among others).

The company is a public limited company incorporated and domiciled in India and has its registered office at Kolkata (West Bengal) with regional marketing offices in Bangalore, Chennai, Coimbatore, Delhi, Hyderabad, Kanpur, Kolkata & Mumbai. The Company's production facility is located at Kharagpur (West Bengal) in eastern part of India, close to leading primary aluminium manufacturers in India. Its shares are listed on National Stock Exchange & Bombay Stock Exchange.

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on 22nd May 2018.

Note: 1 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Statement of Compliance

These Financial Statements comply in all material aspects with Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the Act) read with rule 4 of the Companies (Indian Accounting standards) Rules, 2015 & Companies (Indian Accounting Standards) Amendment Rules 2016.

b) Basis of Preparation

The Financial Statements of the Company have been prepared on historical cost convention under accrual method of accounting and as a going concern concept except for certain assets and liabilities which are measured at fair values as required by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as per the Company's normal operating cycle and the other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current and noncurrent classification of assets and liabilities.

c) Use of Estimates

In preparing the financial statements in conformity with Ind AS, management has made estimates, judgments and assumptions which affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting are recognized prospectively. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to financial statements.

Critical estimates and judgements

The areas involving critical estimates or judgements are as follows:

- **Estimated useful life of intangible asset**

Intangible asset comprises of computer software. The management estimates the useful life of the software to be 6 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 6 years, depending on technical innovations and competitor actions.

- **Recognition of deferred tax assets for carried forward tax losses**

The management has made estimates regarding the probability that the future taxable profits will be available against which deferred tax assets can be used.

Notes to the Financial Statements (Contd.)

- **Impairment of trade receivables**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation/amortization and impairment, if any. Cost comprises of purchase price and directly attributable cost of acquisition/ bringing the asset to its working condition for its intended use (net of credit availed, if any). Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight line method basis over the useful lives as prescribed under Schedule II to the Companies Act, 2013.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for

use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company.

Depreciation on additions is provided on a pro-rata basis from the date of installation or acquisition. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

e) Intangible Assets

Intangible assets include Computer Software acquired separately and measured on initial recognition at cost. Directly attributable costs that are capitalized as a part of the software includes its purchase price. The useful life of the Computer Software has been assessed as finite by the management on the justification of technological obsolescence. The useful life of all the Software has been assumed six years. Annual maintenance charges and Renewal Fees are expensed in the period occurred.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

f) Impairment of Non-financial assets

The Company assesses at each reporting date whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, and the asset is reflected at the recoverable amount.

g) Inventories

Inventories are valued at the lower of the cost and net realizable value (NRV). Cost of inventories is computed on FIFO basis. Cost incurred in bringing each product to its present location and condition are accounted as follows:

Notes to the Financial Statements (Contd.)

- (a) **Raw Materials:** Cost includes Cost of Purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- (b) **Finished Goods & WIP:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.
- (c) **Stores & Spares:** Cost is determined on first in, first out basis.

NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

h) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale and borrowing costs are being incurred. All other borrowing costs are expensed in the period in which they occur. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

i) Provisions, Contingent liabilities and Contingent Assets

Provisions are recognised when there is a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the best current estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

j) Foreign currency transactions and translations

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). The company's financial statements are presented in Indian rupee (INR), which is also the company's presentation and financial currency. These financial statements are presented in Indian rupees.

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cashflow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

Forward Exchange Contracts

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of contract. Exchange differences on such contracts except the contracts which are long-term foreign currency monetary items, are recognised in the statement of profit and loss in the period in which the exchange rates change, any profit and loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

Notes to the Financial Statements (Contd.)

k) Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

l) Revenue recognition

With effect from 1 April 2018, the Company has adopted IND AS 115 'Revenue from Contracts with Customers' which introduces a new five-step approach to measuring and recognising revenue from contracts with customers. Under IND AS 115, revenue is recognised on satisfaction of performance obligation at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Company has elected to apply the Cumulative catch up method in adopting IND AS 115. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 has been disclosed in Note No. 41. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of

transaction and the specifics of each arrangement.

A. Sale of Good

Revenue is recognized on satisfaction of performance obligation at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods to a customer

B. Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the management estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

m) Leases

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in net profit in the Statement of Profit & Loss over lease term.

n) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities (including MAT) attributable to temporary differences and to unused tax losses.

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting

Notes to the Financial Statements (Contd.)

purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

o) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

p) Financial instruments

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

Financial Assets

Initial Recognition

All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or

loss, are added to the fair value on initial recognition

Classification and Subsequent Measurement: Financial Assets

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

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

Debt Instruments

Amortised Cost

A financial asset is subsequently measured at amortise cost, if the financial asset is held within a business model, whose objective is to hold the asset in order to collect contractual cash flow and the contractual term of financial asset give rise on specified date to cash flow that are solely payment of principal and interest on principal amount outstanding.

Fair Value through Other Comprehensive Income

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

Fair Value through Profit or Loss

A financial asset is classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Notes to the Financial Statements (Contd.)

Financial Liabilities

Initial Recognition

Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

Classification and Subsequent Measurement: Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on financial asset. 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.

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the contractual rights to receive the cash flows from the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

q) Fair value measurements

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

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

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

r) Employee benefits

Defined contributions plan

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, employees provident fund, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged

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as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

Defined benefit plans

The Company's Liabilities on account of Gratuity and Earned Leave on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (Ind AS) -19., 'Employee Benefits' The gratuity liability is covered through a policy taken by a trust established under the group gratuity scheme with Life Insurance Corporation of India (LIC). The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Defined Benefit Plan can be short term or Long terms which are defined below:

(i) Short term Employee benefit

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits obligations in the balance sheet.

(ii) Long term Employee benefit

Compensated absences which are not expected to occur within 12 months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

s) Segment reporting

An operating segment is a component of the Company that engages in business activities from which It may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief

operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. The Company has two business segments i.e. manufacturing of Aluminium Extruded products and manufacturing of Transmission and Distribution Line as per the management. However, as per the Ind AS-108 "Operating segments" specified under Section 133 of the Companies Act, 2013, there are no reportable operating or geographical segments applicable to the Company.

t) Borrowings

Borrowings are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

u) Earnings per share

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential

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equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

v) Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains / losses is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss / inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

The Company complies with the principles of hedge accounting where derivative contracts are designated as hedge instruments. At the inception of the hedge relationship, the Company documents the relationship between the hedge instrument and the hedged item, along with the risk management objectives and its strategy for undertaking hedge transaction, which can be a fair value hedge or a cash flow hedge.

a) Fair value hedges –

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in fair value of the hedged item attributable to the hedged risk are recognised in the Statement of Profit and Loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

b) Cash flow hedges –

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income. The gains / losses relating to the ineffective portion is recognised in the Statement of Profit and Loss.

Amounts previously recognised and accumulated in other comprehensive income are reclassified to profit or loss when the hedged item affects the Statement of Profit and Loss. However, when the hedged item results in the recognition of a non-financial asset, such gains / losses are transferred from equity (but not as reclassification adjustment) and included in the initial measurement cost of the non-financial asset.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains/losses recognised in other comprehensive income and accumulated in equity at that time remains in equity and is reclassified when the underlying transaction is ultimately recognised. When an underlying transaction is no longer expected to occur, the gains / losses accumulated in equity is recognised immediately in the Statement of Profit and Loss.

w) Amendments issued to Ind AS but not effective

On 30th March 2019, Ministry of Corporate Affairs (“MCA”) has notified the IND AS 116, Leases and Appendix C of Ind AS 12 “Uncertainty over Income Tax Treatment. The effective date for adoption of the same is financial periods beginning on or after 1st April 2019. The company is in the process of evaluating the effect on its adoption.