MANGALAM GLOBAL ENTERPRISE PRIVATE LIMITED [Consolidated]

For the 1st Quarter FY 2019-20

mangalam
Trusted Services Since 1942

- **BOARD OF DIRECTORS :**

  Mr. Chanakya Prakash Mangal

  Mr. Chandragupt Prakash Mangal

- **AUDITORS :**

  M/s KEYUR SHAH & Co.,
  CHARTERED ACCOUNTANTS
  AHMEDABAD.

- **REGISTERED OFFICE :**

  101, MANGALAM CORPORATE HOUSE,
  19/B KALYAN SOCIETY,
  NEAR M. G. INTERNATIONAL SCHOOL,
  MITHAKHALI,
  AHMEDABAD – 380 006,
  GUJARAT, INDIA.

- **CIN : U24224GJ2010PTC062434**

- **E Mail : info@groupmangalam.com**

INDEPENDENT AUDITOR'S REPORT

To the Members
Mangalam Global Enterprise Private Limited.
101, Mangalam Corporate House, 19/B Kalyan Society,
Nr. M.G. International School, Mithakhali,
Ahmedabad - 380006

Report on the Audit of the Consolidated Financial Statements Opinion

We have audited the accompanying consolidated financial statements of Mangalam Global Enterprise Private Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), , which comprise the consolidated Balance Sheet as at June 30, 2019 and the consolidated statement of Profit and Loss for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at June 30, 2019, of consolidated profit/loss for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics issued by ICAI*, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position and consolidated financial performance of the Group in accordance with the accounting principles generally accepted in or out of India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and

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application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

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ii. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

iii. The Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

iv. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

v. On the basis of the written representations received from the directors of the Holding Company as on 30th June, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in or out of India, none of the directors of the Group companies incorporated in or out of India is disqualified as on 30th June, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

vi. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure.

vii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us

i. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

ii. There were no pending litigations which would impact the consolidated financial position of the Group.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies in or out of incorporated in India.

For, Keyur Shah & Co.
Chartered Accountants
F. R. No. 141173W

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Keyur B. Shah
Proprietor
M. No 153774
UDIN: 19153774AAAAEE8273

Date: 18.10.2019
Place: Ahmedabad

Mangalam Global Enterprise Private Limited

Consolidated Balance Sheet as at 30th June 2019

Particulars	Annexure	As At 30.06.2019	As At 31.03.2019
Equity and liabilities			
Shareholders' funds			
Share capital	2	2,32,54,820	2,32,54,820
Reserves and surplus	3	33,03,28,370	32,16,85,396
Minority Interest		2,11,12,471	2,14,33,157
		37,46,95,661	**36,63,73,373**
Non-current liabilities			
Long-term borrowings	4	21,16,64,947	16,76,91,425
Deferred tax liabilities (net)	5	20,35,817	11,46,163
Other long-term liabilities	6	17,51,020	16,90,210
Long-term provisions	7	2,26,987	1,62,475
		21,56,78,771	**17,06,90,273**
Current liabilities			
Short-term borrowings	4	52,66,32,741	10,71,62,076
Trade payables	8	2,84,41,415	2,12,49,387
Other current liabilities	9	5,59,40,798	4,10,63,881
Short-term provisions	7	1,13,06,770	19,47,122
		62,23,21,723	**17,14,22,466**
Total		**1,21,26,96,156**	**70,84,86,112**
Assets			
Non-current assets			
(i) Property, plant and equipment	10	28,38,01,904	24,24,76,812
(ii) Intangible assets	11	2,21,319	63,208
(iii) Capital work-in-progress	10	40,38,331	4,36,25,203
(iv) Goodwill on Consolidation	10A	1,76,53,847	1,80,37,023
Non-current investments	12	3,64,04,760	2,42,44,518
Long-term loans and advances	13	4,73,08,604	1,70,81,082
		38,94,28,765	**34,55,27,846**
Current assets			
Trade receivables	14	11,70,60,346	7,45,72,439
Inventories	15	54,30,03,142	14,77,24,169
Cash and bank balances	16	43,03,579	78,49,612
Short-term loans and advances	13	15,89,00,323	13,28,12,046
		82,32,67,390	**36,29,58,266**
Total		**1,21,26,96,155**	**70,84,86,112**

Note:
The above statement should be read with the Statement of Notes to accounts of the Company in Annexure 1

As per our report of even date attached

For, Keyur Shah & Co.
Chartered Accountants
Firm Registration No.: 141173W

Keyur B Shah
Proprietor
M. No. 153774
Place : Ahmedabad
Date : 18-10-2019

KEYUR SHAH & CO.
MEMBERSHIP NO. 153774
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Chanakya Prakash Mangal
(Director)
DIN: 06714256

Chandragupt Prakash Mangal
(Director)
DIN: 07408422
Place : Ahmedabad
Date : 18-10-2019

MANGALAM GLOBAL ENTERPRISE PVT. LTD.
GUJARAT INDIA

Mangalam Global Enterprise Private Limited

Consolidated Statement of Profit and Loss

Particulars	Annexure	01-04-2019 to 30-06-2019	2018-19
Revenue			
Revenue from operations	17	1,46,27,89,113	3,89,83,22,707
Other income	18	22,04,199	11,98,468
Total revenue		**1,46,49,93,312**	**3,89,95,21,175**
Expenses			
Cost of materials consumed	19	1,32,81,35,498	1,82,94,57,793
Purchase of stock-in-trade	20	7,50,61,572	1,96,14,86,259
Changes in inventories of Finished Goods or Traded Goods	21	(2,64,75,697)	(8,65,80,800)
Employee benefits expense	22	1,23,68,793	2,54,14,501
Finance costs	23	1,54,53,976	3,40,62,660
Depreciation and amortisation expense	10	35,97,394	81,82,108
Other expenses	24	4,36,11,556	9,27,03,826
Total expenses		**1,45,17,53,092**	**3,86,47,26,347**
Profit before tax		**1,32,40,219**	**3,47,94,828**
Tax expense			
Current tax		35,78,694	88,63,789
MAT Credit		-	(1,34,914)
Deferred tax (credit)/charge		(2,98,556)	9,67,307
Profit for the period / year		**99,60,081**	**2,50,98,646**
Profit Transferred to Minority Interest		**(2,50,785)**	**17,64,044**
		1,02,10,867	**2,33,34,602**

Note:
The above statement should be read with the Statement of Notes to accounts of the Company in Annexure 1

As per our report of even date attached

For, Keyur Shah & Co.
Chartered Accountants
Firm Registration No.: 141173W

Keyur B Shah
Proprietor
M. No. 153774
Place : Ahmedabad
Date : 18-10-2019

KEYUR SHAH & CO. MEMBERSHIP NO 153774 CA CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Chanakya Prakash Mangal
(Director)
DIN: 06714256

Chandragupt Prakash Mangal
(Director)
DIN: 07408422
Place : Ahmedabad
Date : 18-10-2019

MANGALAM GLOBAL ENTERPRISE PVT. LTD. GUJARAT INDIA

Annexure: 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT

A) SIGNIFICANT ACCOUNTING POLICIES:

1) (a) Basis of accounting and preparation of consolidated financial statements:

The consolidated financial statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees.

(a) Principles of consolidation:

The Consolidated financial statements relate to Mangalam Global Enterprise Private Limited ("the Company") and its subsidiary entities viz (i) Hindprakash Castor Derivatives Private Limited, (ii) Mangalprakash (Singapore) Pte Ltd and (iii) Farpoint Enterprise LLP. The Consolidated financial statements have been prepared on following basis:

(i) The financial statements of the subsidiary entities, used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 30 June, 2019.

(ii) The financial statements of the Company and its subsidiary entities have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

(iii) The excess of cost to the company of its investments in the subsidiary entities over its share of equity of the subsidiary entity, at the dates on which the investments in the subsidiary entity were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis.

(iv) Goodwill arising on consolidation is not amortised but tested for impairment.

(v) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

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(vi) Following subsidiary companies/entity, associates and jointly controlled entities have been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of Incorporation	% of Holding and voting power either directly or indirectly through subsidiary
			As at 30 June, 2019
Hindprakash Castor Derivatives Private Limited (HCDPL)	Subsidiary	India	51.01%
Mangalprakash (Singapore) Pte Ltd (MSPL)	Subsidiary	Singapore	100.00%
Farpoint Enterprise LLP (FEL)	Subsidiary	India	51.00%

(b) USE OF ESTIMATES:

The presentation of financial statements in conformity with the generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and reported amount of income and expenses during the Year. Actual results/outcome could differ from these estimates. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Any revision to the accounting estimates is recognised prospectively in the year in which such estimates are actually materialized.

2) FIXED ASSETS:

All Fixed Assets are valued at cost less depreciation / amortization. Cost [net of Input Tax Credit available] comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Financing costs directly attributable to the construction of qualifying fixed assets are also included to the extent they relate to the period till such assets are ready for their intended use.

Capital work in progress is stated at cost. The cost is inclusive of directly attributable expenditure, expenditure during construction period to be allocated to the respective assets on completion of construction period, interest upto the balance sheet date in case of qualifying asset and is adjusted for Input Tax Credit availed of.

Cost of addition or extension to an existing asset, which is of a capital nature and/or which becomes an integral part of the existing asset is capitalised and added to the gross book value of that asset.

All fixed assets are stated at their Historical Costs.

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3) DEPRECIATION:

Depreciation is charged in the accounts on Fixed Assets on straight-line method. Depreciation is provided based on useful life of the assets as prescribed in schedule II of The Companies Act, 2013, except in case of Plant and Machinery of HCDPL where depreciation has been provided taking estimated useful life of 8 to 30 years based on technical evaluation. Computer software is amortised over a period of 3 years.

Depreciation on assets added / disposed off during the year is charged on pro-rata basis with reference to the month of addition / disposal.

4) EXPENDITURE DURING THE CONSTRUCTION PERIOD:

The expenditure incidental to the expansion / new projects is carried forward as "Pre-operative and Project expenditure pending allocation/capitalization" and is allocated to Fixed Assets in the period of commencement of the commercial production / respective assets being put to use.

5) INVESTMENT:

Long Term Investments are stated at cost. However, when there is a diminution, other than temporary, in the value of long term investments, the carrying cost is reduced to recognize the diminution.

Investment property:

An Investment in Land or Building, which is not intended to be occupied substantially for used by, or in operations of, the company, is classified as Investment Property. Investment Properties are stated as cost, Net of accumulated depreciation and accumulated impairment loss if any.

The cost comprise purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing investment property to its working condition for the intended use.

On disposal of investment, the difference between it's carrying amount and net disposal proceeds is charged / credited to the statement of profit and loss.

6) INVENTORIES:

Inventories consisting of Raw Materials, Work-in-Process, Finished Goods and traded goods are valued at lower of cost and net realizable value. For this purpose, the cost of raw material, finished goods and work-in-process is determined using FIFO/average cost method (net of Input Tax Credit availed) as the case may be.

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Inventories consisting of Stores, Consumables, Spare Parts, and Packing Materials etc. are valued at lower of cost and net realizable value. For this purpose direct costs, and appropriate relevant overheads are apportioned using the FIFO method.

7) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions are recognised when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made.

Contingent liability is disclosed for:

(a) Possible obligations which will be confirmed by future events not wholly within the control of the Company, or

(b) Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realized.

8) REVENUE RECOGNITION:

(a) Revenue is recognised to the extent it is possible that economic benefits will flow to the company and the revenue can be reliably measured and there is a reasonable certainty regarding ultimate collection.

(b) Revenue from sale of products is recognised on transfer of all significant risks and rewards of ownership of the goods to the customers, which generally coincides with the dispatch of goods. Sales are stated exclusive of GST/ VAT, trade discounts and sales returns.

(c) Export benefits / incentives are accounted on accrual basis in accordance with various government schemes in respect thereof and are shown under "Other Operating Revenue". Benefits available under the Export Licenses and in the nature of duty drawback are accounted for based on eligibility and when there is no significant uncertainty as to its ultimate collection.

(d) Interest income is recognised on a time proportionate basis taking into account the amount outstanding and the rate applicable.

(e) Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realization exists.

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(f) Sales for the period prior to 1st July 2017 were/are reported net of Value Added Tax (VAT) / sales tax, wherever applicable. Consequent to the introduction of Goods and Service Tax (GST) with effect from 1 July 2017, VAT / Sales tax etc. have been subsumed into GST, and accordingly sales are reported net of GST, wherever applicable.

9) PURCHASES:

Purchases are inclusive of expenses on purchase, import duty etc and are net of taxes (for which credit is available), claims / discount.

Purchases (Imports) are accounted for in the books when the goods is arrived on destination port except in case when goods are sold in transit (on highseas basis), in such cases purchases (Imports) are accounted for in the books immediately on sale. Goods in Transit (Import) is shown by way of note to Balance Sheet.

10) GST INPUT CREDIT:

GST input credit claimed on materials / services / capital goods is reduced from the cost of the respective materials / services / capital goods. Closing stock of inventories are valued Net of GST/ input credits.

11) CUSTOM DUTY:

Liabilities on account of custom duty on imported materials in transit or in bonded warehouse are accounted only in the year in which the goods are cleared from customs.

12) FOREIGN CURRENCY TRANSACTION:

a) The transactions in foreign currencies are converted into Indian Rupees at the rates of exchange prevailing on the date of transactions.

b) The balances in Current Assets and Current Liabilities in foreign currencies at the date of Balance Sheet have been converted into Indian Rupees at the rate of exchange prevalent on that date as per RBI reference rate. The resultant net gain /loss arising out of such foreign exchange translations is taken to Profit and Loss Account except in respect of such differences related to acquisition of fixed assets from a country outside India which are capitalized as a part of cost of respective fixed asset.

c) In respect of transacions covered by Foreign Exchange Forward Contracts, the difference between the forward rate and exchange rate at the inception of contract is recognised as income or expenses over the life of the contract.

13)GOVERNMENT GRANTS:

Government Grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Statement of Profit and Loss. Capital grants relating to specific fixed assets are reduced from the gross value of the respective Fixed Assets. Other capital grants are credited to Capital Reserve.

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14) EMPLOYEES BENEFITS :

(a) Defined Contribution Plans:

The Company contributes on a defined contribution basis to Employees' Provident Fund towards post employment benefits, all of which are administered by the respective Government authorities, and it has no further obligation beyond making its contribution, which is expensed in the period to which it pertains.

(b) Defined Benefit Plans:

The Company administers the gratuity scheme being unfunded liability. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses, which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the Profit and Loss Account.

15) BORROWING COST:

Borrowing costs that are directly attributable to the acquisition/ construction of qualifying Fixed Assets are capitalized as a part of the cost of the respective asset upto the date when such assets are ready for their intended use and borrowing costs other than these costs are charged to Profit and Loss Account.

16) RELATED PARTY TRANSACTION :

Disclosure of transactions with Related Parties, as required by "Accounting Standard 18-Related Party Disclosure" has been set out in the Notes on Financial Statements. Related Parties have been identified on the basis of representations made by key managerial personnel and information available with the company.

17) OPERATING LEASE:

Leases are classified as operating leases where the lessor effectively retains substantially all the risks and benefits of the whole ownership of the leased assets.

<u>As Lessee:</u>
Lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis.
<u>As Lessor:</u>
Lease receipts are recognized as an income in the statement of profit or loss on a straight-line basis.

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18) INCOME TAX:

Tax expenses comprise of current and deferred tax.

(a) Current tax is measured at the amount expected to be paid on the basis of relief and deductions available in accordance with the provisions of Indian Income Tax Act, 1961 and includes Minimum Alternate Tax ("MAT") paid by the company on book profits in accordance with the provisions of the Income Tax Act, 1961. MAT credit 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 specified period and will be able to set off such MAT credit entitlement.

(b) Deferred income tax reflects the impact of the current year reversible timing differences between the taxable income and accounting income for the Year and reversal of timing differences of the earlier Year. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

19) IMPAIRMENT OF ASSETS :

(a) If at a balance sheet date, there is an indication about impairment of any item of fixed assets, the same is treated as impairment loss and is charged to the statement of Profit and Loss.

(b) After impairment of an asset, the depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(c) At a balance sheet date, if there is an indication that a previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount and previously recognised impairment loss is reversed.

20) DERIVATIVE AND COMMODITY HEDGING TRANSACTIONS:

In respect of derivative contracts, premium paid, gains/ losses on settlement and provision for losses on restatement are recognised along with the underlying transactions and charged to Statement of Profit and Loss.