GULBARGA CEMENT LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2018

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru - 560 001, India
Tel : +91 80 6648 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of Gulbarga Cement Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Gulbarga Cement Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS 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 the state of affairs of the Company as at December 31, 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

S. R. Batliboi & Associates LLP
Bengaluru

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on December 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2018, from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended December 31, 2018 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 22 to the Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP
Bengaluru

per Sunil Gaggar
Partner
Membership Number: 104315
Place of Signature: Bengaluru
Date: February 12, 2019

Annexure 1 referred to in clause 1 of Report on Other Legal and Regulatory Requirements paragraph of our report of even date

The Annexure referred to in our report to the members of Gulbarga Cement Limited ('the Company') for the year ended December 31, 2018. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the Management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The Company has not procured any inventory during the year and accordingly does not hold any physical inventory. Accordingly, the requirements under paragraph 3(ii) of the order are not commented upon.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) Since the Company has not commenced commercial production of cement, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (INR in lakhs)*	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	96.65	FY 2011 – 2012	Assistant Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	47.77	FY 2013 – 2014	Assistant Commissioner of Income Tax

*net off of amount paid under protest

S. R. Batliboi & Associates LLP
Bengaluru

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the Management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the Management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the Management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the Management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the Management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP
Bengaluru

per Sunil Gaggar
Partner
Membership Number: 104315
Place of Signature: Bengaluru
Date: February 12, 2019

Annexure 2 to the Independent Auditor's Report of even date on the financial statements of Gulbarga Cement Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Gulbarga Cement Limited ("the Company") as of December 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

S.R. Batliboi & Associates LLP Bengaluru

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at December 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S. R. Batliboi & Associates LLP
Bengaluru

per Sunil Gaggar
Partner
Membership Number: 104315
Place of Signature: Bengaluru
Date: February 12, 2019

Gulbarga Cement Limited
Balance sheet as at 31 December 2018
(Presented in INR Lakhs except share data and EPS)

	Notes	31 December 2018	31 December 2017
Assets			
Non-current assets			
Property, plant and equipment	3	23.15	26.92
Capital work-in-progress	3	18,194.45	18,173.68
Intangible assets	4	434.77	492.74
Financial assets			
Loans	5	284.90	288.85
Other non-current assets	6	25,661.33	25,671.14
		44,598.60	**44,653.33**
Current assets			
Financial assets			
Loans	5	1.00	-
Cash and cash equivalent	7	620.27	771.83
Other financial assets	8	6.42	4.47
Other assets	6	421.41	738.95
		1,049.10	**1,515.25**
Total assets		**45,647.70**	**46,168.58**
Equity and liabilities			
Equity			
Equity share capital	9	10,488.05	10,488.05
Other equity	10	25,435.38	27,507.00
Total equity		**35,923.43**	**37,995.05**
Non-current liabilities			
Financial liabilities			
Borrowings	11	9,695.82	8,148.70
Provisions	12	2.86	-
		9,698.68	**8,148.70**
Current liabilities			
Financial Liabilities			
Other financial liabilities	13	17.64	18.73
Provisions	12	1.69	-
Other current liabilities	13A	6.26	6.10
		25.59	**24.83**
Total liabilities		**9,724.27**	**8,173.53**
Total equity and liabilities		**45,647.70**	**46,168.58**
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

S. R. Batliboi & Associates LLP Bengaluru

per Sunil Gaggar
Partner
Membership number: 104315
Place: Bengaluru
Date: February 12, 2019

For and on behalf of the Board of Directors of
Gulbarga Cement Limited
CIN: U26941KA2007PLC054428

Jamshed Naval Cooper
Chairman
DIN: 01527371

S. Sundaram
Director
DIN: 07103135

Vimal Kumar Choudhary
Chief Financial Officer

L. R. Neelakanta
Company Secretary

Place: Gurugram
Date: February 12, 2019

GULBARGA CEMENT LIMITED

Gulbarga Cement Limited
Statement of profit and loss for the year ended 31 December 2018
(Presented in INR Lakhs except share data and EPS)

Particulars	**Notes**	**31 December 2018**	**31 December 2017**
Income			
Other income	14	40.69	50.25
Expenses			
Employee benefits expense	15	39.50	-
Finance costs	16	1,612.90	769.64
Depreciation and amortisation expense	17	61.76	61.77
Other expenses	18	398.15	56.24
Total expenses		**2,112.31**	**887.65**
Loss before tax		**(2,071.62)**	**(837.40)**
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Loss after tax		**(2,071.62)**	**(837.40)**
Loss per equity share [nominal value of share INR 10 each (previous year: INR 10 each)]	19		
Basic (INR)		(1.98)	(0.80)
Diluted (INR)		(1.98)	(0.80)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

S.R. Batliboi & Associates LLP Bengaluru

per Sunil Gaggar
Partner
Membership number: 104315
Place: Bengaluru
Date: February 12, 2019

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Company Secretary

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Date: February 12, 2019

GULBARGA CEMENT LIMITED

Gulbarga Cement Limited
Statement of changes in equity for the year ended 31 December 2018
(Presented in INR Lakhs except share data and EPS)

a Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid	Number	INR in Lakhs
At 1 January 2017	10,48,80,532	**10,488.05**
Increase/(decrease) during the year	-	-
At 31 December 2017	10,48,80,532	**10,488.05**
Increase/(decrease) during the year	-	-
At 31 December 2018	10,48,80,532	**10,488.05**

b Other equity

For the year ended 31 December 2018

	Attributable to the equity holders			
	Securities premium (Note 10)	**Equity Contribution (Note 10)**	**Retained earnings (Note 10)**	**Total**
As at 1 January 2018	**29,445.70**	**2,067.61**	**(4,006.31)**	**27,507.00**
Loss for the year	-	-	(2,071.62)	(2,071.62)
Balance at 31 December 2018	**29,445.70**	**2,067.61**	**(6,077.93)**	**25,435.38**

For the year ended 31 December 2017

	Attributable to the equity holders			
	Securities premium (Note 10)	**Equity Contribution (Note 10)**	**Retained earnings (Note 10)**	**Total**
As at 1 Jan 2017	**29,445.70**	**2,067.61**	**(3,168.91)**	**28,344.40**
Loss for the year	-	-	(837.40)	(837.40)
Balance at 31 December 2017	**29,445.70**	**2,067.61**	**(4,006.31)**	**27,507.00**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

S. R. Batliboi & Associates LLP Bengaluru

per Sunil Gaggar
Partner
Membership number: 104315
Place: Bengaluru
Date: February 12, 2019

For and on behalf of the Board of Directors of
Gulbarga Cement Limited
CIN: U26941KA2007PLC054428

Jamshed Naval Cooper
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S. Sundaram
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DIN: 07103135

V. K. Chand

Vimal Kumar Choudhary
Chief Financial Officer

L. R. Neelakanta
Company Secretary

Place: Gurugram
Date: February 12, 2019

GULBARGA CEMENT LIMITED

Gulbarga Cement Limited

Cash flow statement for the year ended 31 December 2018

(Presented in INR Lakhs except share data and EPS)

	31 December 2018	31 December 2017
Cash flows from operating activities		
Loss before tax	**(2,071.62)**	**(837.40)**
Adjustments to reconcile loss before tax to net cash flows:		
Provision for Doubtful Debt	299.33	-
Depreciation and amortization expense	61.76	61.77
Interest expenses	1,612.88	762.37
Unrealised foreign exchange loss/(gain)	-	2.10
Interest income	(40.69)	(50.25)
Operating cash flows before working capital changes	**(138.34)**	**(61.41)**
Decrease in loans	2.97	2.33
Increase in other non current assets	(7.44)	(7.95)
Decrease in other current assets	18.18	(1.56)
Decrease in other financial liabilities	(1.09)	(28.09)
Increase in other Liabilities	4.71	(5.62)
Cash used in operations	(121.01)	(102.30)
Income tax paid, net of refund	0.76	1.27
Net cash used in operating activities (A)	**(120.25)**	**(101.03)**
Cash flows from investing activities		
Purchase of property, plant and equipment including intangible assets, capital work in progress and capital advances	(4.29)	(113.12)
Proceeds from sale of current investments	-	18.03
Interest received	38.74	52.81
Net cash used /from investing activities (B)	**34.45**	**(42.28)**
Cash flows from financing activities		
Interest and financing charges paid	(65.77)	(70.54)
Net cash used in financing activities (C)	**(65.77)**	**(70.54)**
Net decrease in cash and cash equivalents (A+B+C)	(151.56)	(213.85)
Cash and cash equivalents at the beginning of the year	771.83	985.68
Cash and cash equivalents at the end of the year	**620.27**	**771.83**
Cash and cash equivalents		
Balances with banks:		
On current accounts	40.27	31.83
Deposits with a original maturity of less than three months	580.00	740.00
Total cash and cash equivalents (refer note 7)	**620.27**	**771.83**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

S. R. Batliboi & Associates LLP Bengaluru

per Sunil Gaggar
Partner
Membership number: 104315
Place: Bengaluru
Date: February 12, 2019

For and on behalf of the Board of Directors of
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DIN: 07103135

V. K. Choud

Vimal Kumar Choudhary
Chief Financial Officer

L. R. Neelakanta
Company Secretary

GULBARGA CEMENT LIMITED

Place: Gurugram
Date: February 12, 2019

1 Corporate Information

Gulbarga Cement Limited ("the Company") was incorporated on 23 September 2007 to set up a cement plant in Gulbarga, Karnataka. The Company was initially promoted by Chambal Infrastructures Venture Limited. Subsequently, Zuari Global Limited ("hereinafter ZGL") acquired 100% stake in the Company from Chambal Infrastructures Venture Limited. The Company then entered into Shareholders' agreement with ZGL and Zuari Cement Limited ("hereinafter ZCL") dated 31 August 2011. As per the Company's Article of Association, ZCL has right to appoint all directors in the board of the Company, hence on account of ZCL's right to control the composition of the Company's board, ZCL is the Holding Company ("the Holding Company") under Section 2(87) of Companies Act 2013. The Ultimate Holding Company upto June 30, 2016 was Italcementi S.p.A ('the Ultimate Holding Company').

HeidelbergCement AG has completed the acquisition of Italcementi from Italmobiliare and become the ultimate holding Company w.e.f. July 1, 2016. The Company is in the process of setting up its manufacturing facility and has not commenced commercial production as of December 31, 2018.

The financial statements were authorised for issue in accordance with a resolution of the directors on 12 February 2019.

2 Significant accounting policies

The Significant accounting policies applied by the Company in preparation of its financial statements are listed below. These accounting policies have been applied consistently to all the periods presented in these financial statements unless otherwise indicated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements have been prepared on historical cost basis except certain items which need to be stated at fair value as per Ind AS. The financial statements are presented in Rupees Lakhs, except when otherwise indicated.

2.2 Summary of Significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or

S.R. Batliboi & Associates LLP Bengaluru

GULBARGA CEMENT LIMITED

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Transaction and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

c. Fair Value Measurement

The Company measures financial instruments, such as, derivatives 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.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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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 assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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.

d. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The following specific recognition criteria must also be met before revenue is recognised.

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 Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

e. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax

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returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

f. Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

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Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset category	Useful lives estimated by the Management(in years)
Furniture and fittings	5
Office equipment	3
Computer hardware	3
Plant and machinery	3

Further, the management has estimated the useful lives of asset individually costing INR 5,000 or less to be less than one year, which is lower than those indicated in schedule II. The management has estimated, supported by technical advice, the useful life of the category of assets, which are different from useful life prescribed in schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the asset are likely to be used.

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

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

Cost of assets not ready for their intended use at the balance sheet date are disclosed under capital work in progress.

g. **Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but tested for impairment annually, either individually or at the cash –generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable, if not the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

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Costs incurred on acquisition of intangible assets are capitalized and amortized on a straight-line basis over useful lives, as mentioned below:

Asset category	Useful lives estimated by the management (years)
Computer Software	3

Mining license (acquired) is amortized over the period of lease.

h. Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

j. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment

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loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

k. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

l. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The company recognises contribution payable to provident fund scheme as expenses, when the employee renders related services. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Under the gratuity plan of the Company, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. During the year the Company has provided for the gratuity expenses based on actual liability to be incurred in case the employee serves from the organisation.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. During the year the company has provided for the leave expenses based on actual liability to be incurred in case the employee severs from the Organisation. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

m. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

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In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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Impairment of financial assets

Financial assets, other than those at Fair Value through Profit and Loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected, or a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty;
- Breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on individual basis.

For financial assets that are carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what e amortised cost would have been had the impairment not been recognized.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

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Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 11.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

n. Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. Deposits with initial maturity greater than 3 months are considered as cash and cash equivalents if the deposits can be converted to cash without significant penalty on principle.

o. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a

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liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

p. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of 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 or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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(Presented in INR Lakhs except share data and EPS)

3. Property, plant and equipment

	Plant and equipment	Furniture and fittings	Office equipment	Computer hardware	Total	Capital work-in-progress
Cost						
At 1 January 2017	0.57	33.43	0.24	0.48	34.72	18,070.81
Additions	-	-	-	-	-	102.87
Disposals/adjustments	-	(0.05)	-	-	(0.05)	-
At 31 December 2017	**0.57**	**33.38**	**0.24**	**0.48**	**34.67**	**18,173.68**
Additions	-	-	-	-	-	20.77
At 31 December 2018	**0.57**	**33.38**	**0.24**	**0.48**	**34.67**	**18,194.45**
Depreciation						
At 1 January 2017	**0.06**	**3.68**	**0.15**	**0.06**	**3.95**	-
Charge for the year	0.13	3.64	-	0.02	3.79	-
At 31 December 2017	**0.19**	**7.32**	**0.15**	**0.08**	**7.74**	-
Charge for the year	0.14	3.64	-	-	3.78	-
At 31 December 2018	**0.33**	**10.96**	**0.15**	**0.08**	**11.52**	-
Net book value						
At 31 December 2017	0.38	26.06	0.08	0.40	26.93	18,173.68
At 31 December 2018	0.24	22.42	0.09	0.40	23.15	18,194.45

4. Intangible assets

	Mining license*	Total
Cost		
At 1 January 2017	**608.68**	**608.68**
At 31 December 2017	**608.68**	**608.68**
At 31 December 2018	**608.68**	**608.68**
Amortisation and impairment		
At 1 January 2017	**57.97**	**57.97**
Charge for the year	57.97	57.97
At 31 December 2017	**115.94**	**115.94**
Charge for the year	57.97	57.97
As at 31 December 2018	**173.91**	**173.91**
Net book value		
As at 31 December 2017	492.74	492.74
As at 31 December 2018	434.77	434.77

* The Company had purchased mining license from Chambal Fertilisers and Chemicals Limited and the same is valid till 4 October 2027. Hence, the Company is depreciating the same over the period of license

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5. **Loans**

	Current		Non-current	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Unsecured, considered good				
Security deposit	1.00	-	284.90	288.85
	1.00	**-**	**284.90**	**288.85**

6 **Other assets**

	Current		Non Current	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Unsecured, considered good				
Capital advances #	-	-	24,649.29	24,665.78
Total	**-**	**-**	**24,649.29**	**24,665.78**
Employee advance	0.16	0.03	-	-
Balances with government authorities	-	-	901.86	895.95
Advance income tax, net of provision for tax	-	-	5.10	4.34
Amount paid under protest	-	-	105.08	105.07
Prepaid expenses	1.60	5.44	-	-
Other advances *	718.98	733.48	-	-
Less: Provision for doubtful receivable	(299.33)	-	-	-
Total	**421.41**	**738.95**	**25,661.33**	**25,671.14**

Capital advances includes INR 24,539.28 lakhs (December 31, 2017: INR 24,555.78 lakhs) paid to Karnataka Industrial Area Development Board (KIADB) towards the acquisition of land for its cement plant. Out of 1821 acres of land, there was court cases filed by farmers questioning the acquisition for 92 acres, however, court has disposed the cases on 83 acres of land. Lease deed will be executed after clearance of pending court case on 9 acres of land filed by farmers. Further it includes INR 110 lakhs (December 31, 2018: INR 110 lakhs) paid to KVR Rail Infra Projects Private Limited towards liaisioning for acquisition of land for railway sidings.

* Other advances paid to farmers towards acquisition of land for its cement plant. Out of the total amount, INR 299.33 lakhs were directly paid to farmers and were not facilitated by Karnataka Industrial Area Development Board (KIADB) and has been consdiered doubtful and hence the Company has created a provision in the books for the same. And for the remaining amount, the KIADB is in the process of collecting the money from the farmers and remitting the same back to the Company.

7. **Cash and cash equivalent**

	31 December 2018	31 December 2017
Balances with banks		
- On current accounts	40.27	31.83
- Deposits with original maturity of less than three months	580.00	740.00
	620.27	**771.83**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits made for varying periods of upto 3 months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

8. **Other financial assets**

	31 December 2018	31 December 2017
Interest accrued but not due on fixed deposits	6.42	4.47
	6.42	**4.47**

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9. Share capital

Authorised share capital	Equity Shares	
	Number	INR in lakhs
At 1 January 2017	10,80,00,000	**10,800.00**
Increase/(decrease) during the year	-	-
At 31 December 2017	10,80,00,000	**10,800.00**
Increase/(decrease) during the year	-	-
At 31 December 2018	10,80,00,000	**10,800.00**

Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

	Equity Shares	
Issued equity capital	Number	INR in lakhs
Equity shares of INR 10 each issued, subscribed and fully paid		
At 1 January 2017	10,48,80,532	**10,488.05**
Changes during the year	-	-
At 31 December 2017	10,48,80,532	**10,488.05**
Changes during the year	-	-
At 31 December 2018	10,48,80,532	**10,488.05**

(a) Equity shares held by holding / ultimate holding company and / or their subsidiaries / associates is given below:

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries / associates are as below:

	31 December 2018	31 December 2017
	INR in Lakhs	INR in Lakhs
a) Zuari Cement Limited 22,496,691(31 Dec 2017 : 22,496,691) equity shares	2,249.67	2,249.67
b) Compagnie Pour L'Investissement Financier En Inde 82,383,841 (31 Dec 2017 : 82,383,841) equity shares	8,238.38	8,238.38

(b) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	Number of shares	% of holding
Equity shares of INR 10 each fully paid		
Zuari Cement Limited		
At 31 December 2017	2,24,96,691	21.45%
At 31 December 2018	2,24,96,691	21.45%
Compagnie Pour L'Investissement Financier En Inde		
At 31 December 2017	8,23,83,841	78.55%
At 31 December 2018	8,23,83,841	78.55%

The Company has neither issued any bonus shares nor bought back any shares from the date of incorporation of the Company.

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GULBARGA CEMENT LIMITED

10. Other Equity

	31 December 2018	31 December 2017
Securities premium		
At 01 January 2018	29,445.70	29,445.70
Closing balance	**29,445.70**	**29,445.70**
Equity contribution		
At 01 January 2018	2,067.61	2,067.61
Movement during the year	-	-
Closing balance	**2,067.61**	**2,067.61**
Retained earnings		
At 01 January 2018	(4,006.31)	(3,168.91)
Add: Loss for the year	(2,071.62)	(837.40)
Total retained earnings	**(6,077.93)**	**(4,006.31)**
Total	**25,435.38**	**27,507.00**

11. Borrowings

	31 December 2018	31 December 2017
Unsecured borrowings		
Loans from related party (refer note 23)	9,695.82	8,148.70
Net amount	**9,695.82**	**8,148.70**

Detail of repayment terms and interest:

Unsecured loan is availed by the Company carries an interest at SBI base rate plus 1% per annum. The loan along with interest accrued is repayable in 12 quarterly instalments after expiry of 10 years from the date of loan.

To comply with requirements of IND AS 109, the Company has disclosed the loan given at amortised cost, the difference between the loan given and fair value of the loan amounting to INR 2,067.61 lakhs is accounted as equity contribution.

12. Provisions (Non-current and current)

	31 December 2018	31 December 2017
Non- Current		
Provision for gratuity (refer note 22)	2.86	-
	2.86	**-**
Current		
Provision for leave encashment	1.69	-
	1.69	**-**

13. Other financial liability

	31 December 2018	31 December 2017
Employee related liabilities	-	2.73
Accrued expenses	17.64	16.00
	17.64	**18.73**

13A. Other current liabilities

Statutory liabilities	6.26	6.10
	6.26	**6.10**

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14. Other income

	31 December 2018	31 December 2017
Interest income on		
Bank deposits	40.48	48.84
Others	0.21	1.41
	40.69	**50.25**

15. Employee benefits expense

	31 December 2018	31 December 2017
Salary, wages and bonus	34.81	-
Gratuity Expenses (refer note 21)	2.87	-
Contribution to provident and other funds	1.82	-
	39.50	**-**

16. Finance costs

	31 December 2018	31 December 2017
Interest expense on inter-corporate loan*	1,612.88	762.37
Bank charges	0.02	7.27
	1,612.90	**769.64**

* Interest expense on inter-corporate loan include INR 955.18 lakhs (31 December 2017: INR 56.96 Lacs) as per Ind AS 109

17. Depreciation and amortisation expense

	31 December 2018	31 December 2017
Depreciation on property, plant and equipment (refer note 3)	3.79	3.80
Amortisation of intangible assets (refer note 4)	57.97	57.97
	61.76	**61.77**

18. Other expenses

	31 December 2018	31 December 2017
Rent	24.82	16.19
Repairs and maintenance - others	1.86	8.26
Directors' sitting fees	10.00	14.00
Legal and professional fees	19.14	9.34
Payment to auditor*	8.78	2.00
Rates and taxes	9.24	0.63
Traveling and conveyance	9.86	0.75
Communication expenses	0.23	0.60
Printing and stationery	0.09	0.20
Exchange differences (net)	-	2.10
Provision for doubtful advances	299.33	-
Miscellaneous expenses	14.80	2.17
	398.15	**56.24**

*** Payment to auditor**

	31 December 2018	31 December 2017
Audit fee	8.78	2.00
	8.78	**2.00**

19. Earnings/ (loss) per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential Equity shares into equity shares

	31 December 2018	31 December 2017
Net loss available to shareholders for calculation of basic and diluted earnings per share	(2,071.62)	(837.40)
Weighted average number of equity shares for calculation of basic and diluted earnings per share	10,48,80,532	10,48,80,532

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GULBARGA CEMENT LIMITED

20. Significant accounting judgements, estimates and assumptions

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

Contingent liabilities
Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

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

(i) Useful Lives of Property, Plant & Equipment:
The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

(ii) Fair value measurement of financial instrument
When the fair value 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 valuation techniques including the Discounted Cash Flow (DCF) model. 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 instruments. Refer Note 24 of the financials.

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21. Gratuity and post employment benefits

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement/ departure. Under the gratuity plan of the Company, every employee who has completed five years of service gets gratuity on departure @ 15 days of last drawn salary for each completed year of service. During the year the Company has provided for the gratuity expenses based on actual liability to be incurred in case the employee serves from the organisation.

22. Commitments and Contingencies

a) Capital commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for as on Dec 31, 2018 is INR 1,522.11 lakhs (Dec 31, 2017 : INR 1,522.11 lakhs)

b) Other commitments (leases)

The Company has taken office premises and residential facilities under cancellable operating leases that are renewable on a periodic basis and cancellable at its option. The total rental expense under operating leases during the year is INR 24.82 Lakhs (December 31, 2017: INR 16.19 Lakhs). There are no non-cancellable leases, hence Company has no future minimum lease commitments.

c) Contingent Liabilities

	31 December 2018	31 December 2017
Claims against the Company not acknowledged as debts		
Income Tax Assessment Year 2012-13	193.28	193.28
Income Tax Assessment Year 2014-15	56.21	56.21
	249.49	249.49

23. Related party disclosures

Names of related parties and their related party relationship

Related parties where control exists

Ultimate holding company	HeidelbergCement AG
Holding company	Zuari Cement Limited (ZCL)*
	Compagnie Pour L'Investissement Financier En Inde (CIFI)

Key managerial persons

Jamshed Naval Cooper - Chairman
Juan-Francisco Defalque - Non-Executive Director
Kevin Gerard Gluskie - Non-Executive Director
S. Sundaram - Non-Executive Director
R. Ramakrishnan - Independent Director (till 25th October 2018)
Akila Krishnakumar - Independent Director (till 25th October 2018)
Varaprasad Kalepalli, Chief Financial Officer (till 2nd April 2018)
Vimal Kumar Choudhary, Chief Financial Officer (w.e.f 1st December 2018)
V. Shivakumar , Manager (w.e.f. 8th February 2018)
Soek Peng Sim, Additional Director (w.e.f. 30th November 2018)
L. R. Neelakanta, Company Secretary

* Zuari Cement Limited (ZCL) is holding company by virtue of composition of Board of Directors.

The following table provides the total amount of transactions that have been entered into with related parties for relevant financial year:

Name of related party	Description of the transaction	Transactions during the year		Outstanding at year end-payable / (receivable)	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
ZCL	Unsecured loan taken	-	-	9,695.82	8,148.70
	Interest expense on loan (including IND AS adjustment)	1,612.88	762.37	-	-
	Reimbursements	0.78	3.57	-	-
Transactions with key management personnel					
Remuneration		8.48	-	-	-
Director sitting fees		10.00	14.00	-	-

24 Fair Value

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair Value	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Financial assets				
Loans	285.90	288.85	285.90	288.85
Other financial assets	6.42	4.47	6.42	4.47
Financial liabilities				
Borrowings	9,695.82	8,148.70	9,695.82	8,148.70
Other financial liability	17.64	18.73	17.64	18.73

S. R. Batliboi & Associates LLP Bengaluru

GULBARGA CEMENT LIMITED

(Presented in INR Lakhs except share data and EPS)

The management assessed that cash and cash equivalents and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

25 Fair Value Hierarchy

The Company measures financial instruments, such as, derivatives 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.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

As on 31 December 2018 and as on 31 December 2017, the Company does not hold any investments which are measured at fair value. Therefore, disclosure under fair value is not applicable to the Company.

26. Financial risk management objectives and policies

The Company's principal financial liabilities, comprise of other payables and borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include security deposits and cash and cash equivalents which are part of the Company's operations.

The Company is exposed to market risk and liquidity risk. The policies and procedures considered by Company's senior management to oversee the management of these risks have been summarised below.

A Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to two types of market risk: foreign currency risk and interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). These exposures are in relation to purchase of fixed assets/ technical services in relation to the plant being set up. As on December 31, 2018 and December 31, 2017, the Company has not hedged any of its foreign currency exposures.

Foreign currency sensitivity

The Company is not exposed to significant foreign currency risks at the respective reporting dates.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates on Company's profit before tax.

	Increase/decrease in percentage	Effect on profit before tax
31 December 2018	0.5%	(34.24)
	-0.5%	34.24
31 December 2017	0.5%	(37.28)
	-0.5%	37.28

B Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations towards settlement of financial liabilities. Financial liabilities are settled by delivering cash or another financial asset. The Company's objective is to maintain a balance between continuity of funding and flexibility through use of bank overdrafts, bank loans and other similar credit facilities.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments.

As at 31 December 2018	<1 year	1-5 years	>5 years	Total
Financial Liabilities				
Borrowings*	-	5,164.56	1,684.12	6,848.68
Other Payables	17.64	-	-	17.64

As at 31 December 2017	<1 year	1-5 years	>5 years	Total
Financial Liabilities				
Borrowings*	-	2,943.34	3,905.34	6,848.68
Other Payables	18.73	-	-	18.73

* Excluding Ind AS adjustment and Interest amount

S. R. Batliboi & Associates LLP Bengaluru

GULBARGA CEMENT LIMITED

(Presented in INR Lakhs except share data and EPS)

C. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract. The Company is exposed to credit risk from its financing activities, including deposits with banks and financial institutions. The Company has no significant concentration of credit risk with any counterparty.

Financial instruments and cash deposits

Credit risk from balances with banks and financials institutions is managed by the Company's treasury department in accordance with the Company's policy, Investments of surplus funds are made with approved counterparties. Credit risk on cash and cash equivalent, deposits with the banks/financials institutions is generally low as the said deposits have been made with the banks/financial institutions who have been assigned high credit rating by international and domestic rating agencies.

27. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

	31 December 2018	31 December 2017
Borrowings	9,695.82	8,148.70
Less: Cash and cash equivalents	(620.27)	(771.83)
Net debt	9,075.55	7,376.87
Equity attributable to equity share holder	35,923.43	37,995.05
Capital and debt	44,998.98	45,371.92
Gearing ratio	20.17%	16.26%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

28. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The identification of the micro, small and medium enterprise suppliers as defined under the provisions of the "The Micro, Small and Medium Enterprises Development Act, 2006" is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on Dec 31,2018 and Dec 31, 2017.

29. Capitalisation of expenditure

During the year, the Company has capitalised the following expenses of revenue nature to the capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	31-Dec-18	31-Dec-17
Employee benefits expense	-	29.89
Rates and taxes	-	5.61
Legal and professional fees	-	40.52
Miscellaneous expenses	-	9.23
	-	85.25

30. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company has not recorded deferred tax asset as at 31 December 2018 on tax losses as presently there is no evidence of virtual certainty available to absorb such losses in near future.

31 Standard issued but not yet effective

Ind AS 116 -Leases

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

Ind AS 116, which is effective for annual periods beginning on or after 1 April 2019, requires lessees and lessors to make more extensive disclosures than under Ind AS 17.The Company is currently evaluating the requirements of the amendments and has not yet determined the impact on the financial statements.

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Bengaluru

GULBARGA CEMENT LIMITED

32 Previous year figures

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

S.R. Batliboi & Associates LLP Bengaluru

per Sunil Gaggar
Partner
Membership number: 104315
Place: Bengaluru
Date: February 12, 2019

For and on behalf of the Board of Directors of
Gulbarga Cement Limited
CIN: U26941KA2007PLC054428

Jamshed Naval Cooper
Chairman
DIN: 01527371

S. Sundaram

S. Sundaram
Director
DIN: 07103135

V.K. Choud

Vimal Kumar Choudhary
Chief Financial Officer

L. R. Neelakanta
Company Secretary

Place: Gurugram
Date: February 12, 2019

GULBARGA CEMENT LIMITED