37th

Annual Report 2019 - 20

2020

Indo Gulf Industries Limited

INDO GULF INDUSTRIES LIMITED

ANNUAL REPORT 2019-20

BOARD OF DIRECTORS	Mr. Rajesh Jain Mr. Sanjay Choudhary Mr. Ashok Sarkar (Independent Director) Ms. Shivani Naithani (Independent Director)	
STATUTORY AUDITORS	M/s. Hemant Arora & Co.LLP**,** Chartered Accountants 1117-1119, 11th Floor, DLF Galleria Tower, DLF Phase-IV, Gurgaon-122002	
BANKERS	Indian Bank	
FACTORIES **EXPLOSIVE DIVISION**	**Babina Plant** Village Koti Sukhwa & Prithi Pura, Babina Distt. Jhansi (U.P.)	
SMS DIVISION	**Singrauli Plant** (SMS) Near Central Workshop Jayant, Village – Garda Singrauli, Distt. Sidhi,(M.P.)	**Korba Plant**(SMS) Vill. Goberaghora (Dipka) Korba Distt. Bilaspur (C.G.)
	Talcher Plant (SMS) Plot No. 2, IDCO Industrial Estate Village Ghanipura, Distt. Dhenkanal, Talchar,(Orissa)	**I.B.Valley** Vill. Sarandamal Tehsil – Lakhanpur, Distt. Sambalpur, (Orissa)
ACCESSORIES UNIT **(Detonating Fuse etc.)**	Village Koti, Sukhwa & Prithi Pura, Babina, Distt. Jhansi (U.P.)	
REGISTERED OFFICE	4237/11, IInd Floor, Narendra Bhawan 1, Ansari Road, Daryaganj New Delhi- 110002 Email: rjheadoffice@gmail.com	
WEBSITE	WWW.INDOGULFIND.COM	
CIN	L74900DL1981PLC011425	

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INDO GULF INDUSTRIES LIMITED

CIN: L74900DL1981PLC011425
Registered Office: 4237/11, IInd Floor, Narendra Bhawan 1, Ansari Road, Daryaganj New Delhi - 110002
Phone: 0135-6531441, **Email**: rjheadoffice@gmail.com
Website: www.indogulfind.com

NOTICE

is hereby given that the 37th Annual General Meeting of the Members of **INDO GULF INDUSTRIES LIMITED** will be held on Monday, the 28th day of September, 2020 at 11.00 A.M. through Video Conferencing/ Other Audio Visual Means ("VC/OAVM") Facility to transact following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended on 31st March, 2020, including the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss and the Cash Flow Statement for the financial year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Rajesh Jain, Director, who retires by rotation and being eligible offers himself for re-appointment in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

   "RESOLVED THAT Mr. Rajesh Jain, who retire by rotation in terms of Section 152 of Companies Act, 2013 and being eligible be and is hereby re-appointed as Director of the Company whose office shall be liable to retirement by rotation".

3. **BORROWINGS**

   "RESOLVED THAT pursuant to the provisions of Section 62(3), 179(3)(d) and 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to borrow, on behalf of the Company, from time to time, in any manner, whether secured or unsecured, such sum or sums of money which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) in the form of Intercorporate loan or loan from Directors, which may exceed the aggregate of the Paid Up Share Capital and Free Reserves of the Company, (that is to say, Reserves not set apart for any specific purpose), convertible into equity as and when required. The amount so borrowed by the Board, shall not, at any time, exceed Rs.1,00,000,000/- (Rupees Ten Crores Only).

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be necessary, usual or proper for giving effect to this Resolution."

SPECIAL BUSINESS:

4. To re-designate Mr. Rajesh Jain as the Director of the Company.

   "RESOLVED THAT consent of the board be and is hereby accorded to re-designate Mr. Rajesh Jain as the director of the Company and he shall no more serve as the managing director of the company.

   "RESOLVED FURTHER THAT the directors of the Company be and are hereby authorised to do all such acts matters deeds and things as may be required to give effect to the above said resolution**."**

4. To Appoint Mr. Sanjay Chaudhary as the Managing Director of the Company:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Sanjay Chaudhary (DIN: 08719847), who was appointed as Additional Director on March 9th , 2020 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Managing Director of the Company liable to retire by rotation.

RESOLVED FURTHER THAT Directors/Company Secretary of the Company, be and is hereby severally authorized to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

Registered Office:

4237, IInd Floor, Narendra Bhawan ,

1, Ansari Road, Daryaganj, New Delhi - 110002

Place: New Delhi

Date: 03.09.2020

By Order of the Board

For **INDO GULF INDUSTRIES LIMITED**

Sd/-

Tanushree Purohit

Company Secretary

Notes and Instructions:

1. Pursuant to the General Circular numbers 20/2020, 14/2020, 17/2020 issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC.

2. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. Since the AGM is being held in accordance with the Circulars through VC, the facility for appointment of proxies by the members will not be available.

3. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013 ("the Act").

4. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution / authorization letter to the Company or upload on the VC portal / e-voting portal.

5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. 3rd September, 2020.

6. Members may also note that the Notice of 37th Annual General Meeting and the Annual Report for the Financial Year 2019-20 are also available on the Company's website: www.indogulfindustries.com for download.

7. CS Sameer Kishor Bhatnagar, Practising Company Secretary (holding C. P. No. 13115), who consented to act as the Scrutiniser, was appointed by the Board of Directors as the Scrutiniser to conduct the voting process in a fair and transparent manner and submit a consolidated Scrutiniser's Report of the total votes cast, to the Chairman or a Director duly authorised in this regard.

8. In compliance with provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and the provisions of Regulation 44 of the Listing Regulations, the

Company is pleased to provide its members facility to cast their votes on all resolutions set forth in the Notice of the AGM using electronic voting system from a place other than the venue of the AGM ('remote e-voting'), provided by Central Depository Services (India) Limited) and the business may be transacted through such voting. Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the instructions for e-voting section which forms part of this Notice.

9. The remote e-voting period commences on Friday, 25th September, 2020 at 9:00 A.M. and ends on Sunday, 27th September, 2020 at 5:00 P.M. During this period, members of the Company as on the cut-off date i.e. Monday, 21st September, 2020, may cast their vote electronically. The e-voting module will be disabled by CDSL for voting thereafter. **A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.** Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast vote again.

10. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.

11. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of this Notice and holding shares as on the cut-off date, may obtain the User ID and password by sending request at www.evotingindia.com and cast their vote.

12. If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

13. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

14. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.

15. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a Director duly authorized and who shall declare the result of the voting forthwith.

16. In compliance with the Circulars, the Annual Report 2019-20, the Notice of the 37th AGM, and instructions for e-voting are being sent only through electronic mode to those members whose email addresses are registered with the Company / depository participant(s).

Registered Office:

4237/11, IInd Floor, Narendra Bhawan

1, Ansari Road, Daryaganj

New Delhi- 110002

Place: New Delhi

Date: 03.09.2020

By Order of the Board

For **INDO GULF INDUSTRIES LIMITED**

Sd/-

Tanushree Purohit

Company Secretary

BOARD'S REPORT

Dear Shareholders,

Your Directors are pleased to present this Thirty Seventh Annual Report of the Company together with the Audited Financial Statements and Auditors' Report thereon for the Financial Year ended March 31, 2020.

Financial Highlights

(Amount in Rs.)

Financial Results	**2019-2020**
Net Sales	53,74,88,710
Other Income	42,65,760
Profit before finance costs, depreciation and tax	**1,00,32,914**
Finance costs	13,45,852
Depreciation and amortization expense	52,98,666
Tax expense	14,08,135
Profit/(Loss) before exceptional and extra-ordinary items	**19,80,261**
Exceptional item	-
Net Profit/(Loss)	**19,80,261**
Add: Balance brought forward from the previous year	-
Less: Deduction on account of depreciation adjustment due to transitional provisions	-
Balance to be carried forward to next year's account	**19,80,261**

Performance, Future Outlook & Prospects

The Explosive Unit of the company located at Village Koti, Sukhwa & Prithi Pura, Babina, Distt. Jhansi commenced operations during the year under review.

Dividend

In view of marginal Profit by the Company, the Directors regret for their inability to recommend dividend for the year under review.

Deposits

The Company has not accepted any deposit from the public and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

Directors

Pursuant to Section 152 and other applicable provisions of Companies Act, 2013, Mr. Rajesh Jain is liable to retire by rotation. Further being eligible he has offered himself to be re-appointed. The Board has re-appointed him as the Director of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.Resume and other

information regarding the director seeking appointment/ reappointment as required by Listing Regulations and Secretarial Standard-2 has been given in the Notice convening the ensuing Annual General Meeting and Statement pursuant to Section 102 of the Act.

The Board of Directors recommends the above appointment(s)/ reappointment(s) at the ensuing Annual General Meeting.

Familiarization Programme for Independent Directors

The Company at regular intervals familiarizes its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The Familiarisation programme for Independent Directors is disclosed on the Company's website at www.indogulfindustries.com

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors state that:

i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures,;

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The Directors have prepared the annual accounts on a *going concern* basis;

v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

vi. There is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Corporate Governance

As per Regulation 15(2) of Listing Regulations, as the paid up equity share capital of the Company is Rs. 95,67,270 and net worth is not exceeding Rupees Twenty Five Crores as on the last day of the previous financial year, the compliance with the corporate governance provisions as specified in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 46(2)(b) – 46(2)(i) and para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not mandatory. Therefore, the Company has not enclosed the Compliance Report on Corporate Governance and the Certificate on the compliance of the Corporate Governance.

Management Discussion and Analysis

Pursuant to Para B of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015the Management Discussion and Analysis Report is attached and forms part of this Report.

Share Capital

The Company has not issued and/or allotted any shares during the year under review.

Particulars of Employees

A statement in terms of the provisions of Section 197(12) of the Act read with Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended), is annexed herewith as **Annexure – 'I'**.

Further, Only one Director was paid remuneration during the year 2019-20.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The manufacturing units of the Company at Babina, Jhansi commenced operation from November 2018.The total units of electricity consumed during the financial year 1st April, 2019 to 31st March, 2020 was 19719 KVAH amounting to Rs. 29,11,870/-. As the plant started in November 2018 therefore, no steps were taken for conservation of energy, capital investment in energy conservation equipment and technology absorption. Expenditure on research and development was nil. There were no foreign exchange earnings and outgo during the year.

Key Managerial Personnel

Ms. Heena Khera, Company Secretary, resigned from the office on 15th January, 2020. In compliance of the provisions of Section 203 of the Companies Act, 2013, Ms. Tanushree Purohit, a member of ICSI, appointed to act as the Company Secretary (Key Managerial Personnel) and the Compliance Officer in the terms of Regulation 6 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with effect from 31st Jaunary, 2020.

Number of meetings of the Board

The Board met 11 times on 30.04.2019, 29.05.2019, 03.08.2019, 14.08.2019, 04.09.2019, 05.10.2019, 13.11.2019, 15.01.2020, 31.01.2020, 13.02.2020, 09.03.2020 during the Financial Year 2019-20. The gap between any two consecutive meetings was not exceeding 120 days.

Number of Board meetings attended by the directors are as under:

Name of the Directors	Category	No. of meetings attended
Mr. Rajesh Jain	Non-Independent, Non-Executive Director	11
Mr. Ashok Sarkar	Independent, Non-Executive Director	2
Ms. Shivani Naithani	Independent, Non-Executive Director	11
Mr. Vijay Ramesh Jagtap	Non-Independent, Executive Director	11

Audit Committee

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and perform the following functions: overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement are correct, sufficient and credible, reviewing and examining with management the quarterly and annual financial results and the auditors' report thereon before submission to the Board for approval, reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company, recommending the appointment, remuneration and

terms of appointment of Statutory Auditors of the Company and approval for payment of any other services.The Audit Committee constituted by the Company has the terms of reference as provided in the Companies Act, 2013 and Listing Regulations. The committee composition is:

1) Mr. Rajesh Jain Chairman
2) Mr. Ashok Sarkar Independent
3) Ms. Shivani Naithani Independent

During the financial year ended 31st March 2020, there were no instances of the Board not accepting the recommendations of the Audit Committee. The Audit Committee met 4 times on 29.05.2019, 14.08.2019, 13.11.2019, 13.02.2020 during the financial year 2019-20. The Statutory Auditors of the Company are invited to the Audit Committee meetings for discussing the financial results and financial statements.

Number of Audit Committee meetings attended by the directors:

Name of the Directors	Position	No. of meetings attended
Mr. Rajesh Jain	Chairman	4
Ms. Shivani Naithani	Member	4
Mr. Ashok Sarkar	Member	4

The Company has in place a whistleblower policy to deal with unethical behavior, victimization, fraud and other grievances or concerns, if any.

Nomination & Remuneration Committee

The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria, ongoing succession planning and appointment procedures for both internal and external appointments The Board of Directors of the Company have constituted "Nomination and Remuneration Committee" in terms of Section 178 of the Companies Act, 2013 and as per Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Nomination and Remuneration Committee comprising of the following Committee Members:

Mr. Rajesh Jain Chairman/ Executive Director
Mr Ashok Sarkar Non Executive, Independent
Ms. Shivani Naithani Non Executive, Independent

The Nomination & Remuneration Committee met two times on 31.01.2020, 09.03.2020 during the Financial Year 2019-20.

Name of the Directors	Position	No. of meetings attended
Mr. Rajesh Jain	Chairman	2
Ms. Shivani Naithani	Member	2
Mr. Ashok Sarkar	Member	2

Share Transfer Committee

The Share Transfer Committee constituted by the Board looks into matters such as transfer of shares, transmission of shares, etc,

The Share Transfer Committee met 3 times during the year on the following dates: 05.04.2019, 18.05.2019, 07.06.2019

Number of Share Transfer Committee meeting(s) attended by the directors:

Name of the Directors	No. of meetings attended
Mr. Rajesh Jain	3
Mr. Ashok Sarkar	0
Ms. Shivani Naithani	3
Ms. Heena Khera	3

Policy on Directors' Appointment and Remuneration

The Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub section (3) of Section 178 of the Companies Act, 2013 is annexed in Nomination and Remuneration Policy.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance, of the individual directors as well as the working of its Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee. The Nomination & Remuneration Committee also reviewed the performance of all directors. Evaluation was done on the basis of questionnaire prepared, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees etc.

Independent Directors in its separate meeting also reviewed the performance of the Chairperson and the Board of directors as a whole and also assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board. There are no non-independent directors, so review of the performance of Non-Independent Directors in its separate meeting was not required.

Extract of Annual Return

The extract of annual return as per Form MGT- 9 is annexed herewith as **Annexure – 'II'**.

Significant and Material Order

There are no significant/material orders passed by any regulator/court/tribunal which could impact on the going concern status of the Company and its future operations.

Complaints received by the Sexual Harassment Committee

The Company has in place a policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress any complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. No complaint was received during the year and no complaint was pending to be resolved as on 31.03.2018.

Secretarial Auditors and Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013, Ms. Nidhi Varun Kumar, Practicing Company Secretary, was appointed to undertake the secretarial audit for the financial year 2019-20. The Secretarial Audit Report for the financial year 2019-20 is attached as **Annexure "III"** and forms a part of the report of the Board. In relation to observations made in the Secretarial Audit Report, we inform that the Company during the year, had no operations and all the units of the Company are closed. Consequently, the Company has incurred cash losses during the year under review. Therefore, in

view of the non-availability of funds, the Company could not comply with the provisions of the Companies Act, 2013 and the Listing Regulations.

No internal auditor has been appointed by the Company in terms of provisions of Section 138, of the Companies Act, 2013.

Auditors & Auditors' Report

The observations of Auditors in their Report dated 28th May, 2018 read with the relevant notes to accounts are self-explanatory and do not require any further explanation.

M/s Hemant Arora & Co. LLP Chartered Accounts were appointed as the new Statutory Auditors of the Company till the conclusion of 39th AGM. Further it is proposed to ratify the appointment of M/s Hemant Arora & Co.LLP, as the Statutory Auditors of the Company for the financial year 2019-20. The said Auditors have furnished the Certificate of their eligibility in this regard.

General

a) The Company is not required to constitute CSR Committee under the provisions of the Companies Act, 2013.
b) The Company has not lent out any money or made any investments or provided any guarantees during the year under review.
c) The Company does not have any related party transactions which may have potential conflict with the interests of the Company at large. Thus, disclosure in Form AOC-2 is not required.
d) The Company having no commercial activity during the year under review, has not laid down policy on risk assessment and minimization procedures.
e) There were no material changes and commitments between the end of financial year and date of report.
f) The Company has in place adequate internal financial control with reference to the financial statements.

Green Initiatives

Electronic Copies of the Annual Report 2017-18 and Notice of the 36th Annual General Meeting are sent to all the members whose email addresses are registered with the Company/ Depository Participant(s). For members who have not registered their email addresses, physical copies are sent in permitted mode.

Acknowledgements

Your directors wish to place on record their appreciation for co-operation and support extended by all concerned stakeholders.

By order of the Board
For **INDO GULF INDUSTRIES LIMITED**

Place: New Delhi

Date: 06.07.2020

Sd/-
Sanjay Choudhary
Director
DIN: 08719847

Sd/-
Rajesh Jain
Director
DIN: 01200520

Annexure- I

DETAILS OF THE REMUNERATION OF DIRECTORS, KMP'S AND EMPLOYEES

[Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

I. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2019-20:

None of the Directors were paid any remuneration during the Financial Year 2019-20. Hence, the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2019-20 is not applicable.

II. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2019-20:

None of the Directors were paid any remuneration during the year. Further, there was no increase in the remuneration of Company Secretary during the Financial Year 2019-20. Hence, the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2019-20 is not provided.

III. The percentage increase in the median remuneration of the employees in the financial year 2019-20:

There are 4 employees on the payroll of the Company, out of which 2 has joined in the Financial Year 2019-20. Further, there was no increase in the remuneration of the employee during the Financial Year 2019-20. Hence, percentage increase in the median remuneration is not provided.

IV. The number of permanent employees on the rolls of the Company:

There were permanent employees on the rolls of the Company for the Financial Year 2019-20.

V. Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in Managerial Remuneration:

Since, none of the employee had completed full year of service, no increment was done in the last financial year. Further, there was no change in the managerial remuneration.

Hence, the same is not applicable.

VI. Affirmation that the Remuneration is as per the Remuneration Policy of the Company: It is hereby affirmed that the Remuneration paid is as per the Remuneration Policy of the Company.

Sl No.	Name	Age (years)	Designation/ Nature of Duties	Gross Remuneration (Rs in lakhs)/ salary per month	Qualification	Total Experience (years)	Date of commencement of employment	Previous Employment
A.	**Details of top ten Employees in terms of remuneration drawn for the financial year ended 31st March 2020**							
1	Mr. B.D. Agarwal	53 years	President and CFO	4,69,404/-	Graduate	Approx 30 years	01/08/2016	N/A
2.	Ms. Heena Khera	25 years	Company Secretary	2,25,920/-	C.S.	2 years	01.01.2018	N/A
3.	Ms. Tanushree Purohit	30 years	Company Secretary	20,000/-	C.S	2 months	31.01.2020	N/A
B	**Details of Employee employed throughout the year and in receipt of remuneration not less than Rs.10,200,000/- p.a.**							
Sl No.	**Name**	**Age (years)**	**Designation/ Nature of Duties**	**Gross Remuneration (Rs in lakhs)**	**Qualification**	**Total Experience (years)**	**Date of commencement of employment**	**Previous Employment**
1.	NA	NA	NA	NA	NA	NA	NA	NA
C	**Details of Employee employed part of the year and in receipt of remuneration not less than Rs. 850,000/- p.m.**							
1	NA	NA	NA	NA	NA	NA	NA	NA

Note:

1. None of the Employee are holding any Equity Share in the Company.
2. None of the Employee are relative of any Director or manager of the Company.

Annexure II to the Directors' Report

FORM MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L74900DL1981PLC011425
ii)	Registration Date	05/03/1981
iii)	Name of the Company	Indo Gulf Industries Limited
iv)	Category / Sub-Category of the Company	Public Company / Limited by shares
v)	Address of the Registered office and contact details	4237/11, IInd Floor, Narendra Bhawan 1, Ansari Road, Daryaganj, New Delhi- 110002 Email Id: igilmaizapur@rediffmail.com
vi)	Whether listed company: Yes / No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	BEETAL Financial & Computer Services Pvt. Ltd. BEETAL House, 3rd Floor, 99, Madangir, Behind LSC, New Delhi – 110062 Ph.: 011-29961281-283, Fax: 011-29961284 Email Id: beetal@beetalfinancial.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Explosives	20292-Manufacture of explosive, ammunition and fire works	Nil (Gross Turnover – Nil)

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Ganesh Explosives Private Limited 152/4/1, Rajpur Road, Dehradun – 248001	U24292UR1993PTC001667	Holding	53.96 %	Section 2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01.04.2019]				No. of Shares held at the end of the year [As on 31.03.2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	5162540		5162540	53.96	–	–-	5162540	53.96	0.00
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	**5162540**	**–**	**5162540**	**53.96**	–	–	**5162540**	**53.96**	**0.00**
(2) Foreign									
a) NRI-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporate	–	–	–	–	–	–	–	–	–
d) Banks / FIs	–	–	–	–	–	–	–	–	–
e) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)= (A)(1)+ (A)(2)	**5162540**	–	**5162540**	**53.96**	–	**5162540**	**5162540**	**53.96**	**0.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	350	350	0.00	–	–	350	0.00	0.00

b) Banks / FI	–	94378	94378	0.99	–	–	94378	0.99	0.00
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	20000	–	20000	0.21	–	20000	–	0.21	0.00
g) FIIs	–	1298	1298	0.01	–	–	1298	0.01	0.00
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**20000**	**96026**	**116026**	**1.21**	–	**20000**	**96026**	**1.21**	**0.00**
2. Non-Institutions									
a) Bodies Corporate									
i) Indian		898436	898436	9.39		898686	898686	9.39	0.00
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	206961	2949205	3156166	32.99	221215	-	3068977	34.39	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	132964	–	132964	1.39	132964	-	132964	1.39	0.00
c) Others (specify)	–	–	–	–	80	–	80	.0008	.0008
Non Resident	–	96758	96758	1.01	288	95158	95446	1.01	0.00

Indians									
Trusts	–	4300	4300	0.05	–	4300	4300	0.05	0.00
Sub-total (B)(2):-	–	**4288704**	**4288704**	**44.83**	–	**4288704**	**4288704**	**44.83**	**0.00**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	**4404730**	**4404730**	**46.04**	–	**4404730**	**4404730**	**46.04**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**9567270**	**9567270**	**100.00**	**8651**	**9558619**	**9567270**	**100.00**	**0.00**

ii) Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 01.04.2019]			Shareholding at the end of the year [As on 31.03.2020]			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1	Ganesh Explosives Private Limited	5162540	53.96	Nil	5162540	53.96	Nil	Nil

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year [As on 01.04.2019]		Cumulative Shareholding during the Year [01.04.2019 to 31.03.2020]	
		No. of shares	% of total shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	5162540	53.96		

	Change in % of holding	Nil	Nil		
	At the end of the year			5162540	53.96

iv) ShareholdingPattern of top ten Shareholders:

(other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	**HB Stock Holdings Limited**				
	At the beginning of the year	170850	1.79		
	No change during the year	–	–		
	At the end of the year			170850	1.79
2	**Picup Limited**				
	At the beginning of the year	167536	1.75		
	No change during the year	–	–		
	At the end of the year			167536	1.75
3	**Mahendra Girdharilal**				
	At the beginning of the year	132964	1.39		
	No change during the year	–	–		
	At the end of the year			132964	1.39
4	**HB Leasing and Finance Co. Ltd**				
	At the beginning of the year	109469	1.14		
	No change during the year	–	–		
	At the end of the year			109469	1.14
5	**Logic Infotech Ltd**				
	At the beginning of the year	100000	1.05		

	No change during the year	–	–		
	At the end of the year			100000	1.05
6	**Sajjan Lal Kanodia**				
	At the beginning of the year	94250	0.98		
	No change during the year	–	–		
	At the end of the year			94250	0.98
7	**Laxmi Devi Kanodia**				
	At the beginning of the year	94250	0.98		
	No change during the year	–	–		
	At the end of the year			94250	0.98
8	**Oriental Bank of Commerce**				
	At the beginning of the year	84800	0.88		
	No change during the year	–	–		
	At the end of the year			84800	0.88
9	**RRB Securities Limited**				
	At the beginning of the year	66500	0.69		
	No change during the year	–	–		
	At the end of the year			66500	0.69
10	**Amrex Marketing Pvt Ltd**				
	At the beginning of the year	60800	0.64		
	No change during the year	–	–		
	At the end of the year			60800	0.64

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company

1	**Mr. Rajesh Jain, Non Independent Non-executive Director**				
	At the beginning of the year	–	–		
	Nil holding/ changes during the year	–	–		
	At the end of the year			–	–
2	**Ms. Shivani Naithani, Independent Non-executive Director**				
	At the beginning of the year	–	–		
	Nil holding/ changes during the year	–	–		
	At the end of the year			–	–
3	**Mr. Ashok Sarkar, Independent Non-executive Director**				
	At the beginning of the year	–	–		
	Nil holding/ changes during the year	–	–		
	At the end of the year			–	–
4	**Mr. Vijay Jagtap, Non Independent Non-executive Director**				
	At the beginning of the year	–	–		
	Nil holding/ changes during the year	–	–		
	At the end of the year			–	–
5	**Ms. Heena Khera, Company Secretary**				
	At the beginning of the year	–	–		
	Nil holding/ changes during the year	–	–		
	At the end of the year			–	–
6	**Mr. B.D Aggarwal**				
	At the beginning of the year	–	–		
	Nil holding/ changes during the year	–	–		
	At the end of the year			–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in lacs)

	Secured Loans excluding	**Unsecured Loans**	**Deposits**	**Total Indebtedness**

	deposits			
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	6,12,51,181.69	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year				
• Addition	–	–	–	–
• Reduction	–	2,66,10,967	–	–
Net Change	–	-2,66,10,967	–	–
Indebtedness at the end of the financial year	–	–	–	–
i) Principal Amount	–	3,46,40,214	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in lacs)

Sl. No.	**Particulars of Remuneration**	**Name of MD/WTD/ Manager**				**Total Amount**
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					

	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission - as % of profit - others, specify…					
5	Others, please specify					
	Total (A)					
	Ceiling as per the Act					

Remuneration to other directors:

(Rs. in lacs)

Sl. No.	**Particulars of Remuneration**	**Name of Directors**						**Total Amount**
		Mr. Rajesh Jain	Mr. Ashok Sarkar	Mr. Shivani Naithani	Mr. Vijay Jagtap			
1	Independent Directors	-	-	-	-			
	Fee for attending board/ committee meetings	–	–	–	–	–	–	–
	Commission	–	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–	–
	Total (1)	–	–	–	–	–	–	–
2	Other Non-Executive Directors	+	–	–	7,21,281	–	–	–
	Fee for attending board/ committee meetings	–	–	–	–	–	–	–
	Commission	–	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–	–
	Total (2)	–	–	–	7,21,281	–	–	–

	Total (B)=(1+2)	–	–	–	–	–	–	–
	Total Managerial Remuneration				7,21,281			–

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. in thousand)

Sl. No.	**Particulars of Remuneration**	**Key Managerial Personnel**			
		Ms. Heena Khera	**Ms. Tanushree Purohit**	**Mr. BD Aggarwal**	**Total**
1	Gross salary	2,25,920	20,000	469,404	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–		–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–		–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–		–
2	Stock Option	–	–		–
3	Sweat Equity	–	–		–
4	Commission	–	–		–
	- as % of profit	–	–		–
	others, specify…	–	–		–
5	Others, please specify [Employer's contribution to Provident Fund, etc.]	–	–		–
	Total	225,920	20,000	469,404	

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

(Rs. in lacs)

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	**NIL**	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

By order of the Board
For **INDO GULF INDUSTRIES LIMITED**

Place : New Delhi

Date : 06.07.2020

Sd/-

Sanjay Choudhary
Director
DIN: 08719847

Sd/-

Rajesh Jain
Director
DIN: 01200520

Annexure III to the Directors' Report

SECRETARIAL AUDIT REPORT

NIDHI V KUMAR & ASSOCIATES

COMPANY SECRETARIES

Rtc Hempur, Lalitpur, Ramnagar, Nainital-244715

Email: nidhiuniyalcs@gmail.com Mob: +91-9927588222

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members
M/s Indo Gulf Industries Limited
4237/11, IInd Floor, Narendra Bhawan 1,
Ansari Road, Daryaganj - 110001

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by M/s **Indo Gulf Industries Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the M/s **Indo Gulf Industries Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s **Indo Gulf Industries Limited** for the financial year ended on March 31, 2020, according to the provisions of:



(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; ***Not applicable to the Company during the period of audit***

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)Regulations, 2009; ***Not applicable to the Company during the period of audit.***

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; ***Not applicable to the Company during the period of audit.***

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; ***Not applicable to the Company during the period of audit.***

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

Nidhi Kumar & Associates
Company Secretaries
Ramnagar

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and ***Not applicable to the Company during the period of audit.***

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; ***Not applicable to the Company during the period of audit***

(vi) Other laws applicable to the Company as per the representations made by the Management.

We have also examined compliance with the (Listing Obligations and Disclosure Requirements) Regulations, 2015 by the Company with Bombay Stock Exchange Limited and also the Secretarial Standard I and Secretarial Standard II issued by the Institute of Company Secretaries of India (ICSI) were applicable to the Company for the period under review.

General Information and qualifications observed during the year under review pursuant to the Companies Act, 2013 and SEBI [Listing obligations and Disclosure Requirements], Regulation, 2015

1) No internal Auditor has been appointed by the Company in terms of provisions of section 138, of the Companies Act, 2013.
2) The company is not maintaining proper website which is mandatory for a listed company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We further report that adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Decisions at the Board Meetings, as represented by the management, were taken unanimously.

Nitin V Kumar & Associates
Company Secretaries
Ramnagar

We further report that as per the explanations given to us and the representations made by the Management and relied upon by us there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period under review, as explained and represented by the management, there were no specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards etc., having a major bearing on the Company's affairs. A detailed list of ongoing cases of the company is attached as Annexure –I with this report.

This report is to be read with my letter of even date annexed to this report as Annexure-II and forms an integral part of the Report.



CS Nidhi Varun Kumar
Practicing Company Secretary
M. No. A28283; C.P. No. 13237

Place: Dehradun
Dated: 20.04.2020

NIDHI V KUMAR & ASSOCIATES

COMPANY SECRETARIES

Rtc Hempur, Lalitpur, Ramnagar, Nainital-244715

Email: nidhiuniyalcs@gmail.com Mob: +91-9927588222

To
The Members
M/s Indo Gulf Industries Limited
4237/11, IInd Floor, Narendra Bhawan 1,
Ansari Road, Daryaganj - 110001

My report of even date is to be read with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices that we follow provide a responsible basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to verification of procedures on test basis.

6. The secretarial audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company

Nidhi V Kumar & Associates Company Secretaries

CS Nidhi Varun Kumar
Practicing Company Secretary
M. No. A28283; C.P. No. 13237

Place: Dehradun
Dated: 20.04.2020

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

This year also Company could not start its business activities due to financial and other factors beyond the control of management of the Company. The financial year 2019-20 closed at a net profit of Rs. 19,80,261 as compared to net loss of Rs. 162,96,081 in the preceding financial year.

Industry Structure and development:

India, a potential market for industrial explosives and its accessories, has witnessed a radical shift from complete import dependence in the past decades to self sufficiency with an exportable surplus presently. The explosives industry in India is robust with an exportable surplus. Rising construction activities and significant growth of the mining industry is expected to further boost the demand for various materials such as coal, electricity and cement. This in turn will lead to an increase in the consumption of explosives.

Prospect and Outlook

The management is of the view that upon the Completion of the Open Offer and change in management, the future prospect of the Company is bright and in the coming years the Company is going to perform well.

Segment wise or Product wise performance

The Company has not carried out any business activity during the year under review. However, the company's primary business is manufacture of 'explosives' as a single business segment.

Opportunities and Threats

Opportunities:

- The Government's thrust on indigenous defence manufacturing under the "Make in India" initiative and the proposed amendments in the Defence Procurement Policy 2016 demonstrate rising opportunity for the Company's growth.
- Shrinking global economies provide opportunity for new competitive player to enter into the market.

Threats:

- Any change in the Government's focus on India's overall infrastructural development can hamper growth in the ancillary sectors, such as the explosives industry.

Risk and Concerns

Risk is an integral part of the business process. To enhance the risk management process, the company has mapped the risks. Risk arises for achieving business objectives are identified and prioritized. Risk mitigation activity plans are established and executed as and when need arises. Periodical reviews are carried out to assess the risk levels.

Internal Control System and their Adequacy

The Company has in place an adequate internal control system to safeguard all assets and ensure operational excellence. The system also meticulously records all transaction details and ensures

regulatory compliance. The Company has an Audit Committee in place which guides and provides proper measure for controlling the affairs of the Company.

Human Resource

Your company has 4 employees as on 31st March, 2019. Relations between the management and employees have been cordial. Your company maintains a work environment that is free from any harassment.

HEMANT ARORA & CO. LLP
Chartered Accountants

1, Tyagi Road
Dehradun 248001 India
+ 91 135 262 6795
+ 91 135 262 7795
www.hemantarora.in

INDEPENDENT AUDITOR'S REPORT

To
The Members of,
Indo Gulf Industries Limited

Opinion

We have audited the Financial Statements of Indo Gulf Industries Limited, (the "Company") which comprise the Balance Sheet at March 31st, 2020, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date and Notes to the Financial Statements, including a summary of Significant Accounting Policies.

In our opinion and to the best of our information and according to the explanation given to us, the accompanying Financial Statements except of the effect of matters described in the *Basis for Qualified Opinion* section of our report, give a true and fair view of the financial position of the entity as at March 31st, 2020 , and of its financial performance and its cash flows for the year then ended in accordance with the accounting standards specified under Section 133 of the Companies Act,2013 (the "Act"), read with Rule 7 of the Companies(Accounts) Rules, 2014 and accounting principles generally accepted in India.

Basis for qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, the company has not complied with the provisions of the Employee's Provident Fund and Miscellaneous Provisions Act, 1952, Employee's State Insurance Act, 1948 and by not creating liability in respect of employers contribution towards Employee Provident Fund and Employee State Insurance and discharging thereof thus leading to overstatement of profit and understatement of liability. Therefore, the financial statements of the year ended 31st March, 2020 do not give a true and fair view of the financial position of the company.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the *basis for Qualified Opinion paragraph*, the financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2020.
(b) in case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
(c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Other matter

The income tax portal of the company displays a tax deducted at source defaults which is aggregating to INR 346.83 lakhs. However, company's management is of the opinion that these defaults can be removed by rectifying TDS returns. Therefore, the company is still in the process of revising subject TDS returns. Our opinion is not qualified in respect of these matters.

Emphasis of matters

Without qualifying our report, we draw attention to fact that the accumulated losses of the company are more than its net worth. However financial statements are prepared on going concern basis as the management anticipates profit from operation in future years and will result in positive net worth.
Our opinion is not modified in respect of these matters.

HEMANT ARORA & CO. LLP ROORKEE DEHRADUN NEW DELHI CHARTERED ACCOUNTANTS

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters	How the matter was addressed in our audit
Significant estimates and judgements involved	
Recognition of provisions in respect of ongoing litigations involved management's assessment of existence of probable loss. We had identified recognition of provisions as a key audit matter as there was an inherent lack of precision in its measurement mainly on account of key change in management. The perceptibility of the possible outcomes of the litigations by the new management is complex.	Our audit procedure included the following substantive procedures: We evaluated and obtained the understanding of the matters in respect of which accounting estimates were made. We evaluated based on our audit evidence, whether the methods applied for making accounting estimates are reasonable and appropriate in the circumstances to recognise provisions. Reviewed the prior period accounting estimates. Obtained an understanding of the assumptions underlying the accounting estimates. Evaluation of appropriateness of management's assessment of classification of future obligations between contingent liabilities and provisions.

Responsibilities of Management and Those charged with Governance for the Financial Statements

The Company's Board of Director's is responsible for the matters in Section 134(5) of the Act with respect to the preparation of the Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting Standards specified under Section 133 of the Act and accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding 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 design, implementation and maintenance of 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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 term of sub-section (11) of section 143 of the Companies Act, 2013, we give in the ***"Annexure A"*** a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.



2. As required by section 143(3) of the Act, we report to the extent applicable 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 purposes of our audit.

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

c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

e) On the basis of written representations received from the directors as on 31 March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the internal financial controls with reference to Financial Statements of the company and the operating effectiveness of such controls, refer to our separate report in *"Annexure B"*. Our report expresses an unmodified opinion on the effectiveness of the Company's internal financial controls with reference to financial statements.

g) With respect to the other matters 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 in accordance with generally accepted accounting practices (Refer Note No-19 (4) (iii)).

ii. The Company doesn't have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.

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

For HEMANT ARORA & Co.LLP
CHARTERED ACCOUNTANT
FIRM REG. NO. 002141C/C400006

HEMANT ARORA & CO. LLP • CHARTERED ACCOUNTANTS • ROORKEE DEHRADUN NEW DELHI

Kamal Nagpal

KAMAL NAGPAL
PARTNER
M.No.408066

PLACE: DEHRADUN
DATE: 06-07-2020

ANNEXURE "A"

TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2, under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Indo Gulf Industries Limited of even date).

i. In respect of its fixed assets:

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

(b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.

(c) The lease deeds of leasehold land at village Prithivipura, Jhansi, Kanpur is being executed in the name of the company. However, the title deeds of freehold land have not been produced before us for verification.

ii. According to the information and explanations given to us and based on the audit procedures conducted by us, the Company's inventory was physically verified during the year and as on 31.03.2020.

iii. According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loan, secured or unsecured to the companies, firms Limited Liability partnership firms or other parties covered under Section 189 of the Companies Act 2013 during the year. Therefore, the provisions of clause (iii) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loan, made any investments, given any guarantees and security where provisions of Section 185 and Section 186 are to be complied with. Therefore, the provisions of clause (iv) of the Order are not applicable to the Company.

v. According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has not accepted any deposit from the public covered under Section 73 to 76 or other relevant provisions of the Companies Act 2013. Therefore, the provisions of Clause (v) of paragraph 3 of the Order are not applicable to the Company.

vi. According to the information and explanations given to us, the company is not required to maintain cost record as prescribed by Central Government under section 148(1) of the Companies Act, 2013. Therefore, the provisions of Clause (vi) of paragraph 3 of the Order are not applicable to the Company.

vii. According to information and explanation given to us and on the basis of our examination of the books of accounts, in respect of statutory dues:

a) Undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues have not been regularly deposited with the appropriate authorities.

HEMANT ARORA & CO. LLP ROORKEE DEHRADUN NEW DELHI CHARTERED ACCOUNTANTS

b) The Company has received various notices and recovery certificates amounting to Rs.5,71,98,248/- pertaining to the demand of sales tax of Rs.5,37,10,942/- and central excise of Rs.34,87,306/-(Refer Note No. 19 (4) (iii) of the financial statement).The above notices mainly received before the sanction of Rehabilitation Scheme.

The company has made provision for contingencies in the books of accounts for Rs.43,45,144/- out of which INR40,00,000/- has been adjusted against the payment to National Fertilizers Limited .However, the status of the balance demand of sales tax of Rs. 2,61,60,947/- and central excise of Rs.20,69,672/- is uncertain because of the following :

- The notices and recovery certificates are issued prior to the date of rehabilitation Scheme sanctioned by the Hon'ble BIFR.
- The reliefs and concessions (re-assessment of demand, waiver of interest, waiver of penalty etc.) as directed by the Rehabilitation Scheme sanctioned by the Hon'ble BIFR have not been considered.

viii. In our opinion and according to the information & explanations given to us, the Company was not required to repay any loan or borrowings from financial institutions, banks and Government or dues to debenture holders.

ix. In our opinion and according to the information and explanations given to us and on the basis of examination of books of accounts, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) but for unsecured term loans from related parties during the year. The company has duly applied funds for which the term loan was raised.

x. In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. In our opinion and according to the information and explanations give to us, the Company has paid/provided for managerial remuneration in accordance with the provisions of Section 197.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of Paragraph 3 of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of related party transactions have been disclosed in the Ind AS standalone financial statements as required by the Indian accounting standards.

xiv. In our opinion and according to the information and explanations give to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions.



with directors or persons connected with him and hence Section 192 of the Companies Act 2013 is not applicable to the company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For HEMANT ARORA & Co.LLP
CHARTERED ACCOUNTANT
FIRM REG. NO. 002141C

HEMANT ARORA & CO. LLP ROORKEE DEHRADUN NEW DELHI CHARTERED ACCOUNTANTS

KAMAL NAGPAL
PARTNER
M.No. 408066

PLACE: DEHRADUN
DATE: 06-07-2020

Annexure B

To the Independent Auditor's Report of even date on the Financial Statements of Indo Gulf Industries Limited being 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 Indo Gulf Industries Limited ("the Company") as of March 31st, 2020 in conjunction with our audit of the Ind AS 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 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 internal financial controls with reference to Financial Statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 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 internal financial controls system with reference to 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, 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 judgment, 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, to the best of our information and according to explanations given to us, the Company has, in all material respects, an internal financial controls with reference to financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 HEMANT ARORA & Co.LLP
CHARTERED ACCOUNTANT
FIRM REG. NO. 002141C/C400006

HEMANT ARORA & CO. LLP ROORKEE DEHRADUN NEW DELHI CHARTERED ACCOUNTANTS

Kamal Nagpal

KAMAL NAGPAL
PARTNER
M.No.408066

PLACE: DEHRADUN
DATE: 06-07-2020

PART 1- BALANCE SHEET

INDO GULF INDUSTRIES LIMITED
REGD OFFICE AT : 4237/11, 2ND FLOOR, NARENDRA BHAWAN 1, ANSARI ROAD, DARYAGANJ, EAST DELHI-110001

BALANCE SHEET AS AT 31ST MARCH, 2020

(Amount in INR)

	Particulars	Note No.	As at 31st March 2020		As 31st March 2019	
I.	**ASSETS**					
	Non - current assets					
	(a) Property, plant and equipment	2(a)	88,599,330		74,339,949	
	(b) Capital Work in Progress	2(b)	2,719,762		-	
	(c) Other non-current assets					
	(i) Capital Advances		260,000		262,000	
				91,579,092		74,601,949
	Current assets					
	(a) Inventories	3	21,888,767		11,706,116	
	(b) Financial assets					
	(i) Trade Receivables	4	18,427,800		3,948,457	
	(i) Cash and cash equivalents	5	2,766,578		3,986,403	
	(ii) Bank balances other than (i) above	6	660,000		-	
	(iv) Other Financial Assets	7	2,288,452		2,288,452	
	(c) Other current assets	8	51,580,687	97,612,284	17,114,824	39,044,251
	Total (A)			**189,191,376**		**113,646,200**
II.	**EQUITY AND LIABILITIES**					
	Equity					
	(a) Equity Share capital	9	9,567,270		9,567,270	
	(b) Other Equity	10	(62,018,589)	(52,451,319)	(63,998,850)	(54,431,580)
	Liabilities					
	Non - current liabilities					
	(a) Financial liabilities					
	(i) Borrowings	11	78,143,159		110,921,774	
	(b) Deferred Tax Liabilities	12	2,885,061	81,028,220	1,476,926	112,398,700
	Current liabilities					
	(a) Financial liabilities					
	(i) Borrowings	13	67,101,781		24,154,624	
	(ii) Trade Payables	14	32,167,421		8,133,768	
	(iii) Other financial liabilities	15	-		6,427,176	
	(b) Other current liabilities	16	17,918,594		6,190,721	
	(c) Provisions	17	43,426,678	160,614,474	10,772,793	55,679,080
	Total (B)			**189,191,376**		**113,646,200**

Significant Accounting Policies i
Notes to Accounts 2 to 24
The accompanying notes no. 1 to 19 form an integral part of the financial statements

AS PER OUR REPORT OF EVEN DATE ATTACHED.
FOR HEMANT ARORA & CO. LLP
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION NO. - 002141C/C400006

Kamal Nagpal
(M. No. 408066)
Partner

HEMANT ARORA & CO. LLP ROORKEE DEHRADUN NEW DELHI CHARTERED ACCOUNTANTS

Place of Signature: Dehradun
Date: 06-07-2020

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
INDO GULF INDUSTRIES LIMITED

Rajesh Jain	**Sanjay Choudhary**
(Director)	**(Director)**
(DIN-01200520)	**(DIN-08719847)**
B.D. Aggarwal	**Tanushree Purohit**
(Chief Finance Officer)	**(Compnay Secretary)**

PART II- STATEMENT OF PROFIT AND LOSS

INDO GULF INDUSTRIES LIMITED
REGD OFFICE AT : 4237/11, 2ND FLOOR, NARENDRA BHAWAN 1, ANSARI ROAD, DARYAGANJ, EAST DELHI-110001

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in INR)

	Particulars	Note No.	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
I	Revenue from Operation	18	537,488,710	134,609,870
II	Other Income	19	4,265,760	623,437
III	**Total Income:**		541,754,470	135,233,307
IV	**Expenses:**			
(i)	Cost of Material Consumed	20	472,976,303	129,558,853
(ii)	Employee benefits expense	21	20,411,255	9,043,749
(iii)	Finance Cost	22	1,345,852	883,818
(iv)	Depreciation and amortisation expense	23	5,298,666	4,166,808
(v)	Other expenses	24	38,333,998	6,399,234
IV	**Total expenses (III)**		538,366,074	150,052,463
V	**Profit/(Loss) before exceptional items and tax (II-III)**		3,388,396	(14,819,156)
VI	**Exceptional items**		-	-
VII	**Profit/(Loss) before tax**		3,388,396	(14,819,156)
VIII	Tax expense			
	(1) Current Tax		1,408,135	1,476,926
	(2) Deferred Tax		-	-
IX	**Profit/(Loss) for the year from continuing operations (VII-VIII)**		1,408,135	1,476,926
X	Profit/(Loss) from discontinued operations		1,980,261	(16,296,081)
XI	Tax expense of discontinued operations		-	-
XII	Profit/(Loss) from Discontinued operatioins (after tax) (X-XI)		-	-
XIII	**Profit/(Loss) for the period (IX+XI)**		-	-
XIV	**Other Comprehensive Income**		1,980,261	(16,296,081)
	A) (i) Items that will not be reclassified to Profit or Loss		-	-
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		-	-
			-	-
	B) (i) Items that will be reclassified to Profit or Loss		-	-
	(ii) Income tax relating to items that will be reclassified to Profit or Loss		-	-
			-	-
	Total Other Comprehensive Income for the year (XII+XIII) (Comprising Loss and Other Comprehensive Income for the year)		1,980,261	(16,296,081)
	Earnings per equity share (Nominal value per share` 1/-)			
	[Refer Note No. 20(4)]			
	- Basic (`)		0.21	(1.70)
	- Diluted (`)		0.21	(1.70)
	Number of shares used in computing Earnings per share			
	- Basic		9,567,270	9,567,270
	- Diluted		9,567,270	9,567,270
	Significant Accounting Policies	1		
	Notes to Accounts	2 to 24		
	The accompanying notes form an integral part of the financial statements			

AS PER OUR REPORT OF EVEN DATE ATTACHED.
FOR HEMANT ARORA & CO. LLP
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION NO. - 002141C/C400006

Kamal Nagpal
(M. No. 408066)
Partner

HEMANT ARORA & CO. LLP · ROORKEE · DEHRADUN · NEW DELHI · CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
INDO GULF INDUSTRIES LIMITED

Rajesh Jain	**Sanjay Choudhary**
(Director)	**(Director)**
(DIN-01200520)	**(DIN-08719847)**
B.D. Aggarwal	**Tanushree Purohit**
(Chief Finance Officer)	**(Company Secretary)**

Place of Signature: Dehradun
Date: 06-07-2020

INDO GULF INDUSTRIES LIMITED
REGD OFFICE AT : 4237/11, 2ND FLOOR, NARENDRA BHAWAN 1, ANSARI ROAD, DARYAGANJ, EAST DELHI-110001

CASH FLOW STATEMENT FOR THE YEAR ENDED AS AT 31ST MARCH, 2020

	Particulars	Note No.	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit/(Loss) after tax		**1,980,261**	**(16,296,081)**
	Adjustments to reconcile profit/(loss) before exceptional items and tax to net cash flow provided by operating activities :			
	Employee benefits expense		-	-
	Depreciation expense		5,298,666	4,166,808
	Excess Provision written back		-	-
	Loss on sale/discard of property, plant and equipment		-	-
	Interest income		-	133,530
	Operating Profit/(loss) before working capital changes		**7,278,928**	**(12,262,803)**
	Adjustments to reconcile operating loss to cash flow provided by changes in working capital :			
	Financial Assets			
	-Inventories		(10,182,651)	- 11,706,116.33
	-Trade Receivables		(14,479,344)	- 3,948,456.50
	-Loans		-	-
	-Other Financial Assets		-	(2,149,756)
	-Other Current Assets		(34,465,863)	(14,139,377)
	Financial Liabilities			
	-Borrowings		42,947,157	24,154,625.00
	-Trade Payables		24,033,654	8,133,767.65
	-Other Financial liabilities		(6,427,176)	1,471,840
	-Other Current liabilities		11,727,874	5,486,929
	-Provisions		32,653,885	3,016,248
	Cash from/(used) in operations		**53,086,464**	**(1,943,100)**
	Tax expense			
	Direct taxes (paid)/ refund received		-	-
	Defered Tax Liability		1,408,135.1	1,476,926
	Cash flow before exceptional items		54,494,599	(466,174)
	Exceptional Items		-	-
	Net cash used in operating activities (A)		**54,494,599**	**(466,174)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Fixed deposits placed with banks		(660,000)	18,800,000
	Fixed deposits redeemed from banks		-	-
	Interest received on fixed deposits		-	133,530
	Purchase of PPE (including CWIP)		(22,277,809)	(46,262,193)
	Capital advances		2,000	5,146,658
	Net cash generated/(used in) investing activities		**(22,935,809)**	**(22,182,005)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from Borrowings-Related Parties		(32,778,615)	23,143,318
	Net cash generated/(used) from financing activities		**(32,778,615)**	**23,143,318**
	Net increse/(decrease) in cash and cash equivalents (A+B+C)		**(1,219,825)**	**495,139**
	Opening cash and cash equivalents		3,986,403	3,491,264
	Closing cash and cash equivalents [Refer Note No. 31		2,766,578	3,986,403

Significant Accounting Policies — 1
Notes to Accounts — 2 to 24
The accompanying notes form an integral part of the financial statements

AS PER OUR REPORT OF EVEN DATE ATTACHED.
FOR HEMANT ARORA & CO. LLP
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION NO. - 002141C/C400006

Kamal Nagpal
(M. No. 408066)
Partner

Place of Signature: Dehradun
Date: 06-07-2020

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
INDO GULF INDUSTRIES LIMITED

Rajesh Jain	**Sanjay Choudhary**
(Director)	**(Director)**
(DIN-01200520)	**(DIN-08719847)**
B.D. Aggarwal	**Tanushree Purohit**
(Chief Finance Officer)	**(Compnay Secretary)**

INDO GULF INDUSTRIES LIMITED
REGD OFFICE AT : 4237/11, 2ND FLOOR, NARENDRA BHAWAN 1, ANSARI ROAD, DARYAGANJ, EAST DELHI-110001

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31ST MARCH, 2020

(a) Equity Share capital

(Amount in INR)

Particulars	Amount
Balance as at 1st April, 2018	**9,567,270**
Changes during the year ended 31st March, 2019	-
Balance as at 31st March, 2019	**9,567,270**
Changes during the year ended 31st March, 2020	-
Balance as at 31st March, 2020	**9,567,270**

(b) Other Equity

(Amount in INR)

Particulars	Reserves and surplus	Other Comprehensive Income	Total
	Retained Earnings		
Balance as at 1st April, 2018	**(47,702,769)**	-	**(47,702,769)**
Changes during the year ended 31st March, 2019	(16,296,081)	-	(16,296,081)
Balance as at 31st March, 2019	**(63,998,850)**	-	**(63,998,850)**
Changes during the year ended 31st March, 2020	1,980,261	-	1,980,261
Balance as at 31st March, 2020	**(62,018,589)**	-	**(62,018,589)**

Significant Accounting Policies 1
Notes to Accounts 2 to 24
The accompanying notes form an integral part of the financial statements

AS PER OUR REPORT OF EVEN DATE ATTACHED.
FOR HEMANT ARORA & CO. LLP
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION NO. - 002141C/C400006

Kamal Nagpal

Kamal Nagpal
(M. No. 408066)
Partner

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
INDO GULF INDUSTRIES LIMITED

HEMANT ARORA & CO. LLP • ROORKEE DEHRADUN NEW DELHI • CHARTERED ACCOUNTANTS

Rajesh Jain	**Sanjay Choudhary**
(Director)	**(Director)**
(DIN-01200520)	**(DIN-08719847)**
B.D. Aggarwal	**Tanushree Purohit**
(Chief Finance Officer)	**(Compnay Secretary)**

Place of Signature: Dehradun
Date: 06-07-2020

INDO GULF INDUSTRIES LIMITED

REGD OFFICE AT : 4237/11, 2ND FLOOR, NARENDRA BHAWAN I, ANSARI ROAD, DARYAGANJ, EAST DELHI-110001

Note No. : 2(a) Property, plant and equipment

(Amount in INR)

Particulars	Property, Plant and Equipment											
	Land (Free Hold)	Land (Lease Hold)	Buildings	Plant & equipment	Furniture & Fixtures	Office Equipments	Lab Instruments	Generator	AC & Water Cooler	Computers	Electrical Installations	Total
Gross block												
Gross carrying amount as at 01.04.2019	1,657,999	3,145,430	19,990,459	53,333,339	240,954	490,340	-	-	-	183,695	2,262,103	81,304,319
Additions during the year	-	-	2,189,116	13,379,615	117,683	158,908	114,861	1,983,051	138,261	2,350	1,474,202	19,558,047
Disposals/deductions during the year	-	-	-	-	-	-	-	-	-	-	-	-
Gross carrying amount as at 31.03.2020	1,657,999	3,145,430	22,179,575	66,712,953	358,637	649,248	114,861	1,983,051	138,261	186,045	3,736,305	100,862,366
Depreciation												
Accumulated dep as at 01.04.2019	-	-	3,762,910	2,898,909	10,989	84,307	-	-	-	29,072	178,184	6,964,370
Depreciation for the year	-	-	1,097,507	3,649,522	27,221	108,149	2,082	68,130	7,672	58,170	280,213	5,298,666
Disposals/deductions during the year	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated dep as at 31.03.2020	-	-	4,860,417	6,548,431	38,209	192,456	2,082	68,130	7,672	87,242	458,398	12,263,036
Net carrying amount as at 31.03.2020	1,657,999	3,145,430	17,319,158	60,164,523	320,428	456,792	112,779	1,914,921	130,589	98,802	3,277,908	88,599,330
Gross block												
Gross carrying amount as at 01.04.2018	1,657,999	3,145,430	9,249,624	15,550,238	25,050	25,869	-	-		42,042	854,379	30,550,631
Additions during the year	-	-	10,740,835	37,783,101	215,904	464,471	-	-	-	141,653	1,407,724	50,753,688
Disposals/deductions during the year	-	-	-	-	-	-	-	-	-	-	-	-
Gross carrying amount as at 31.03.2019	1,657,999	3,145,430	19,990,459	53,333,339	240,954	490,340	-	-	-	183,695	2,262,103	81,304,319
Depreciation												
Accumulated dep as at 01.04.2018	-	-	2,742,107	42,442	362	795	-	-	-	2,313	9,543	2,797,562
Depreciation for the year	-	-	1,020,803	2,856,467	10,627	83,512	-	-	-	26,759	168,641	4,166,808
Disposals/deductions during the year	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated dep as at 31.03.2019	-	-	3,762,910	2,898,909	10,989	84,307	-	-	-	29,072	178,184	6,964,370
Net carrying amount as at 31.03.2019	1,657,999	3,145,430	16,227,549	50,434,430	229,966	406,034	-	-	-	154,623	2,083,919	74,339,949
Net carrying amount as at 01.04.2018	1,657,999	3,145,430	6,507,517	15,507,796	24,688	25,074	-	-	-	39,729	844,836	27,753,069

Note No 2. : (b) Capital Work in Progress

(Amount in INR)

Particulars	Balance as on 1st April, 2019	Additions during the FY 2019-20	Disposals/ Capitalization	Balance as on 31st March, 2019
Building under Construction				-
BRICK LABOUR	-	148.753		148.753
CAPACITOR	-	14.259		14.259
CEMENT	-	589.144		589.144
FABRICATION	-	901.688		901.688
Jcb Works	-	168.637		168.637
Sand	-	860.932		860.932
STONE	-	1.000		1.000
WOOD	-	35.350		35.350
TOTAL	-	2,719.762	-	2,719.762



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Note No. : 3 Inventories

(Amount in INR)

Particulars	As at 31st March 2020	As 31st March 2019
Raw Material	15,997,507	580,380
Finished Goods	5,891,260	11,125,736
Total	21,888,767	11,706,116

Note No. : 4 Trade Receivables

(Amount in INR)

Particulars	As at 31st March 2020	As 31st March 2019
Secured Considered Good	18,427,800	3,948,457
Total	18,427,800	3,948,457

Note No. : 5 Cash and cash equivalents

(Amount in INR)

Particulars	As at 31st March 2020	As 31st March 2019
Balances with banks		
On current accounts	2,004,327	3,925,479
Cash on hand	762,251	60,924
Total	2,766,578	3,986,403



INDO GULF INDUSTRIES LIMITED
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Note No. : 6 Bank Balances other than Note No. 3 above

(Amount in INR)

Particulars	As at 31st March 2020	As 31st March 2019
(i) Fixed deposits with Axis bank under lien for Bank Guarantee (maturity period from 3 months to 12 months)	660,000	-
Total	660,000	-

Note No. : 7 Other Financial assets

(Amount in INR)

Particulars	As at 31st March 2020	As 31st March 2019
Securiy Deposits	2,288,452	2,288,452
Total	2,288,452	2,288,452

Note No. : 8 Other Current assets

(Amount in INR)

Particulars	As at 31st March 2020	As 31st March 2019
Advances other than Capital Advances		
(a) Recoverable from Staff	72,697	1,363,492
(b) Other advance	24,142,708	
Prepaid Taxes	274,595	237,542
Input GST Credit	-	6,177,003
Balance in Electronic Cash Ledger	36,000	38,130
Prepaid Insurance	-	98,657
Deputy Labour Commission-Deposit under protest	-	9,200,000
Advances For PPE	510,104	-
Advance to Supppliers	7,266,406	-
Rajasthan Explosives Corporation Limited	19,278,177	-
Total	51,580,687	17,114,824



Note No. : 9 Equity Share capital

Particulars	As at 31st March 2020		As 31st March 2019	
	No. of Shares	Amount	No. of Shares	Amount
(a) Authorised				
Equity shares of par value INR 1/- each	150,000,000	150,000,000	150,000,000	150,000,000
		150,000,000		150,000,000
(b) Issued, subscribed and fully paid up				
Equity shares of par value INR 1/- each	9,567,270	9,567,270	9,567,270	9,567,270
		9,567,270		9,567,270

(c) **Reconciliation of number and amount of equity shares outstanding:**

There was no movement in number and amount of equity shares during the year ended 31st March 2020 nor in previous year ended 31st March 2019, hence reconciliation statement is not required to be disclosed.

(d) The Company has only one class of equity shares. The Company declares and pays dividend in Indian Rupees. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share.

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 amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

(e) 51,62,540 equity shares of par value INR 1/- each are held by Ganesh Explosives Private Limited, the Holding Company.
(PY 31.03.2017: 51,62,540 equity shares were held by Balrampur Chini Mills Ltd.)

(f) Shareholders holding more than 5 % of the equity shares in the Company :

Name of the Shareholder	As at 31st March 2020		As 31st March 2019	
	No. of shares held	% of holding to the total equity capital	No. of shares held	% of holding to the total equity capital
Ganesh Explosives Private Limited	5,162,610	53.96	5,162,610	53.96

(g) The Company has not issued any equity shares without payment being received in cash in 5 years immediately preceding the balance sheet date.

(h) The Company has neither issued any bonus shares nor has bought back equity shares in 5 years immediately preceding the balance sheet date.



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Note No. : 10 Other Equity

Particulars	As at 31st March 2020	As 31st March 2019
Surplus in the Statement of Profit and Loss		
Balance at beginning of the year	(63,998,850)	(47,702,769)
Add: Profit for the year	1,980,261	(16,296,081)
Balance as at the balance sheet date	(62,018,589)	(63,998,850)

Note No. : 11 Borrowings (Non-current)

(Amount in INR)

Particulars	As at 31st March 2020	As 31st March 2019
Deferred payment liabilities		
Deferred sales tax loan (Unsecured) #	18,502,945	24,670,593
Preference Share Capital		
Preference shares of par value INR 100/- each (Unsecured)	25,000,000	25,000,000
Unsecured Loan from related parties		
Unsecured loan	34,640,215	61,251,182
Total	78,143,159	110,921,774

Dy. Commisisioner of Sales Tax Baidhan Distt. Sidhi M.P. has issued recovery notice dated 2nd March, 2006 for INR 454.29 lakhs Recovery Act, 1980. The Company has recognized the reduced liability of INR 308.38 lakhs pursuant to sanction of the Rehabilitation Scheme by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR), and the aforsaid loan is to be treated as interest free and to be repaid in 5 yearly installments after the restart of the Company's explosive unit. However, the differential amount of INR 145.91 lakhs is yet to be waived off by the department as per Rehabilitation Scheme.The provision for the 2nd installment of Rs. 6,167,648 is made on 31st March, 2020.

(a) Unsecured Loan from Ganesh Explosives Private Limited will be repayable after five years from commencement of business in ten equal yearly instalments i.e. from FY 2023-24 and simple interest @8% p.a will be charged and repaid at the end of each financial year.

(b) Unsecured loans from Rajesh jain are interest free and will be repayable after five years from commencement of business i.e. from FY 2023-24 in ten equal yearly instalments.

(c) Unsecured Loan from Rajesh Explosives Private Limited has been repiad during the year.

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Notes

Details of preference share capital

Particulars	As at 31st March 2020		As 31st March 2019	
	No. of Shares	Amount (INR)	No. of Shares	Amount (INR)
(i) Authorised				
Preference shares of par value INR 100/- each	500,000	50,000,000	500,000	50,000,000
	500,000	50,000,000	500,000	50,000,000
(ii) Issued, subscribed and fully paid up				
0.001% Non Convertible, Non-Cumulative, Redeemable Preference shares of par value INR 100/- each	250,000	25,000,000	250,000	25,000,000
	250,000	25,000,000	250,000	25,000,000

(iii) The preference shares are non convertible in nature.

(iv) These preference shares carry dividend @ 0.001% per annum as declared from time to time. In the event of no declaration of dividend, coupon rate of 0.001% is not cumulated and gets lapsed.

(v) The preference shareholder(s) shall have no voting rights, except as provided under the Companies Act, 2013 and rules made thereunder.

(vi) Each holder of preference shares is entitled to one vote per share only on resolution placed before the Company which directly affect the rights attached to preference shares.

vii) The Company has neither issued any bonus shares nor has bought back preference shares in 5 years immediately preceding the balance sheet date.

viii) The preference shares shall be redeemed at par, at the option of the Company at any time within a period not exceeding 20 years from the date of allotment i.e. 28th March, 2016 in accordance with the provisions of the Companies Act, 2013 or any such other applicable law, rules, regulations as may be applicable.



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Note No. : 12 Deferred Tax Liability

(Amount in INR)

Particulars	As at 31st March 2020	As 31st March 2019
At opening	1,476,926	-
Add/less		
Profit & Loss Appropriation Account	1,408,135	1,476,926
Total	2,885,061	1,476,926

Note No. : 13 Borrowings (Current)

(Amount in INR)

Particulars	As at 31st March 2020	As 31st March 2019
Unsecured Loan from related parties		
Unsecured loan	67,101,781	24,154,624
Total	67,101,781	24,154,624

Note No. : 14 Trade Payables

(Amount in INR)

Particulars	As at 31st March 2020	As 31st March 2019
Financial liabilities at amortized cost		
Trade Payables	32,167,421	8,133,768
Total	32,167,421	8,133,768

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Note No. : 15 Other financial liabilities

(Amount in INR)

Particulars	As at 31st March 2020	As 31st March 2019
Financial liabilities at amortized cost		
Other payables	-	6,427,176
Total	-	6,427,176

Note No. : 16 Other Current liabilities

(Amount in INR)

Particulars	As at 31st March 2020	As 31st March 2019
Statutory liabilities	4,920,985	1,126,329
Advance from customers	11,341,609	5,015,842
Other Payables	1,656,000	48,550
Total	17,918,594	6,190,720

Note No. : 17 Provisions

(Amount in INR)

Particulars	As at 31st March 2020	As 31st March 2019
Other provisions	43,426,678	10,772,792
Total	43,426,678	10,772,792

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Note No. : 18 Revenue from Operation

(Amount in INR)

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Domestic sale of explosive items	537,488,710	134,609,870
Total	537,488,710	134,609,870

Note No. : 19 Other income

(Amount in INR)

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Liability not required to be paid back		-
Interest income on financial assets (amortized cost)		
Fixed deposits with banks		133,530
Rental Income	193,594	-
Sale of Scrap	111,888	439,505
Provision Written Back	3,406,345	-
Balance written off	553,933	-
Miscellaneous Income	-	50,402
Total	4,265,760	623,437

Note No. : 20 Cost of Material Consumed

(Amount in INR)

Cost of Material Consumed	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Opening Balances	11,706,116	-
Purchases		
Raw Material	400,210,322	112,735,626
Less: Discount Received	(22,309,282)	(3,187,710)
	377,901,040	109,547,916
Packing Material	35,464,987	12,615,171
Consumable Goods	2,429	385,386
Manufacturing Expenses		
Diesel & Petrol	5,220,568	1,856,894
Electricity Expenses	3,582,782	1,509,844
Maintenance of explosive Van	265,080	323,548
Freight & Cartage	37,218,718	11,498,591
Labour Charges	10,629,010	2,721,121
License Fee	447,931	733,266
Loading Unloading Charges	2,146,932	-
Clearing Charges	5,800,516	-
LC Charges	269,241	-
Custom Duty On Imports	3,672,174	-
Testing Charges	101,384	31,450
Inspection Charges	-	11,940
Social Welfare Surcharges on Imports	367,000	-
Stamp Duty on Imports	69,162	-
Gas expenses	-	29,843
	483,158,954	141,264,969
Less: Closing Stock	21,888,767	11,706,116
Total	472,976,303	129,558,853

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Note No. : 21 Employee benefits expense

(Amount in INR)

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Salaries and wages	19,628,983	8,509,234
Contribution to provident and other funds	-	156,000
House Rent Allowences	432,035	167,000
Staff welfare expense	350,236	211,515
Total	20,411,255	9,043,749

Note No. : 22 Finance Costs

(Amount in INR)

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Others		
Letter of Credit Charges	-	11,832
Bank charges	146,201	98,681
Pre-mature charges on FD	-	106,374
Interest on Unsecured Loans	1,199,651	-
Loss on reinstatement of unsecured loan	-	666,932
Total	1,345,852	883,818

Note No. : 23 Depreciation and amortisation expense

(Amount in INR)

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Depreciation and amortisation of tangible assets [Refer Note No. 2]	5,298,666	4,166,808
Total	5,298,666	4,166,808



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Note No. : 24 Other expenses

(Amount in INR)

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Office Rent (Delhi)	504,000	378,000
Rent For Generator Hire	54,800	-
Repairs and Maintenance		
- Building	1,668,821	241,949
- Others	153,381	671,907
Payments to auditor		
-As auditor for statutory audit	200,000	200,000
-For other services	108,000	60,000
Listing and allied fees	308,506	289,500
Legal and Professional expenses	930,281	633,275
Business Promotion	1,200,011	880
Printing & Stationery	607,268	110,164
Leave Encashment	-	310,912
Postage Charges	45,830	279,326
Telephone Expenses	23,313	14,239
Travelling & Conveyance Expenses	4,987,913	2,177,601
Medical Expenses	8,620	1,597
Forex Rate Fluctuations	15,932	-
Consultancy Charges	195,720	152,680
Driver's Salary	60,000	-
Advertisement	9,920	16,520
Balance Written off	-	74,273
Water Expenses	-	3,098
Penalty on GST	22,020	30,180
Discount Allowed	5,382,945	465,000
Entertairment Expenes	233,412	37,670
Penalty Paid to electricity department	-	2,183
Toll & Parking Charges	4,996	8,420
House Keeping Charges	14,011	20,891
Employee Insurance	-	1,093
Insurance Expenses	-	28,570
Miscellaneous expenses	191,305	189,306
Insurance	98,657	-
Vehicle Rent	60,000	-
Map Editing Expenses	44,750	-
Office Expenses	290	-
Service Charges	44,729	-
Compensation to old workers(As per Labour Court's Order)	20,900,000	-
Interest on TDS	119,085	-
Interest on Labour Settlement Due	106,088	-
Export charges	26,583	-
Lab Equipment	2,810	-
Total	38,333,998	6,399,234



Note No. : 25 Other disclosures

1. **Contingent liabilities and commitments (to the extent not provided for)**

(Amount in INR)

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
a) Contingent liabilities :		
Claims against the Company not acknowledged as debts :		
a) Excise duty demand - under appeal	2,069,672	2,069,672
b) Sales tax demand- under appeal	26,160,947	26,160,947
c) Others - under appeal/litigation	18,304,058	18,304,058
	46,534,677	**46,534,677**
b) Commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-

The amounts shown in (i) above represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of different legal processes which have been invoked by the Company or the claimants, as the case may be and, therefore, cannot be estimated accurately. The Company does not expect any reimbursement in respect of above contingent liabilities.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of the appeals.

2. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2008 ("MSMED Act, 2006")

S.No	Particulars	2019-20	2018-19
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
2	The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	Nil	Nil
4	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil	Nil

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3 Related Party Disclosures

A. The 53.96% of Equity Share Capital of the Company is held by Ganesh Explosives Private Limited, being the holding companies.

B. Related parties

a) Relation and name of the related parties are:-

1 Promotor Venturer:
M/s Balrampur Chini Mills Ltd. (ceased to be promotor w.e.f. 08.11.2017)

2 Holding Company:
M/s Ganesh Explosives Private Limited (w.e.f. 09.11.2017)

3 Company in which director has substantial interest
M/s Rajesh Explosives Private Limited

4 Key Managerial Personnel:
a) Chief Finance Officer - Mr. Bhagwan Dass Agarwal
b) Company Secretary - Ms. Tanu Shree
c) Director - Mr. Rajesh Jain
d) Director - Mrs. Sanajy Choudhary
e) Director - Mr. Ashok Sarkar
f) Director - Mr. Vijay Ramesh Jagtap

5 Related Party Transactions

S. No.	Particulars	Holding Company	Company with Director's substantial Interest	Key Managerial Personnel
A	**M/s Ganesh Explosives Pvt. Ltd.**			
(i)	Unsecured Loans Received	51,211,416	-	-
B	**M/s Rajesh Explosives Private Limited**			
(i)	Unsecured Loan Received	-	3,988,378	-
C	**Key Managerial Personnel**			
(i)	*Mr. B.D. Agarwal*			
(a)	Reimbursement of Expenses	-	-	1,135,843
(b)	Salary	-	-	900,000
(ii)	*Mrs. Heena Khera*			
(a)	Salary	-	-	270,000
(iii)	*Mrs. Heena Khera*			
(a)	Salary	-	-	30,000
	Total	**51,211,416**	**3,988,378**	**2,335,843**

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Note No. : 25 Other disclosures (contd.)

4 Disclosures as required by Indian Accounting Standard (Ind AS) 37 Provisions, Contingent Liabilities and Contingent Assets :

(i) Nature of provisions

Provision for contingencies

Provisions for contingencies represent provision towards various claims made/anticipated in respect of duties and taxes and other litigation claims against the Company based on the Management's assessment.

(ii) Movements in Provisions:

Particulars	(Amount in INR)
Balance as at 1st April, 2019	10,772,792
Provided during the year	43,426,678
Used during the year	43,426,678
Reversed during the year	- 32,653,886
Balance as at 31st March, 2020	43,426,678
Non-current	-
Current	43,426,678
Balance as at 1st April, 2018	7,756,544
Provided during the year	6,427,648
Used during the year	3,411,400.00
Reversed during the year	-
Balance as at 31st March, 2019	10,772,792
Non-current	-
Current	10,772,792

It is not possible to estimate the timing/uncertainities relating to utilisation /reversal from the provision for contingencies. Future cash outflow in respect of the above is determinable only upon Court decision/out of Court settlement/disposal of appeals.

The Company does not expect any reimbursement in respect of above provisions.

(iii) Details of pending litigations:

(a)

Dy. Commisisioner of Sales Tax, Jhansi has issued demand notice dated 1st October, 2004 for INR 201.00 lakhs for the year 1988-89, 1997-98, 1998-99, 1999-00 and 2000-01. However the company has made submission to reopen and review the case which is under consideration.

(b) Dy. Commisisioner of Sales Tax Baidhan Distt. Sidhi M.P. has issued recovery notice for entry tax dated 10th October, 2011 for INR 272.64 lakhs u/s. 146 of M.P. land Revenue Recovery Act, 1959.

(c) As far as Labour issue is concerned, the company has entered into an agreement with worker's union on 08 August 2018 which has been registered in the office of Dy. Labour Commissioner vide ref. no. 3506-10/JR/IR dt. 24.08.2019 whereby all the earlier disputes has been resolved with the workers in respect of their employment and payment of earlier dues which has been settled at Rs. 3 lacs per worker for 117 employees, it was also agreed by both the parties that in future they shall not file any case before any court of law and also shall withdraw all the previous cases pending with respective courts including DLC Court, High Court and Apex Court as per point no. 9 of the aforesaid worker agreement.
The management has been following all the terms and conditions of the agreement strictly and provided the employment and made the payment to workers as per terms of agreement.

(d) The Company has entered in to an agreement with National Fertilizers Ltd. on 27th Nov, 2019 whereby we have reached to an understanding to settle the old dues of Rs. 1.45 Crore at Rs. 40 Lacs out of which an amount of Rs. 10 lacs was paid as token amount at the time of agreement and remaining payment of Rs. 30 lacs was to be paid in three instalments of Rs. 13.44 lacs, 8.5 lacs and 8.06 lacs respectively. The company has already paid first and second instalments and the remaining third instalment of Rs. 8.06 lacs will be paid on 5.11.2020 as per the terms of settlement agreement dt. 27th November 2019.

(e) EPFO Dwarka, New Delhi vide its notice dated 09.12.2015 initiated enquiry u/s 14B of EPF and MP Act, 1952 levying INR 5.59 Lakhs against damages. IGIL vide its letter dated 11.01.2016 has requested EPFO Dwarka, New Delhi to waive damages of INR 5.59 Lakhs. Final order from EPFO Dwarka, New Delhi is awaited as on date.

(f) Deputy Commissioner of Income Tax, New Delhi passed an order u/s 271(1) (C) of the I.T. Act 1961 on 29.04.2015 imposing penalty of INR 4.05 Lakhs for A.Y. 2012-13 IGIL filed an Appeal on 27.05.2015 with Commissioner of Income Tax (Appeals), New Delhi challenging the DCIT order dated 29.04.2015 Commissioner of Income Tax (Appeals), New Delhi as on date.

(g)

Central Excise dept. District Sidhi, Waidhan, (M.P.) vide its notice dated 17.02.2003 raised demand of Rs. 5.12 Lakhs towards Excise duty, interest and penalty. IGIL is yet to retrieve further details of same from concerned department for taking necessary action.

(h) State Sales Tax Authorities of Orissa, Madhya Pradesh & Chhattisgarh have also issued various Recovery Certificates for non- submission of C, F & 3B forms in relation to various site mixing slurries (SMS) Explosive units located in these states. IGIL is yet to retrieve further details of same from concerned department for taking necessary action. Sales Tax Authority of Orissa & M .P. issued R C for non submission of C,F & 3B forms.

(i) Sachin Chemical filed suit No. 194 of 2003 in Tis Hazari Court, New Delhi for recovery of Rs. 1.69 lakhs towards non-payment of Chemical Supplies. Matter is pending as ite was declared "SINE DIE" by virtue of SICA.

(j) Simalin Chemicals filed Civil Suit No 194/2003 before Civil Judge, Vadodra for recovery of 7.02. Lakhs.

(k) Scale Away has filed suit No. 35 of 2002 pending in Delhi Tis Hazari Court, New Delhi for recovery of Rs.1.34 Lakh. Same is pending as on date.

Out of the total liability as stated in (a) to (d) above, provision to the tune of INR 289.68 lacs has already been provided by the Company.However, the said liability after taking into account the relief and concessions of Rehabilitation Scheme by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) stands reduced to INR 43.45 lacs and is included under the line item "Provision for contingencies" which is after writing off is now left to INR 3.45 lakh.



Note No. : 25 Other disclosures (contd.)

5. Earnings per Share - The numerators and denominators used to calculate Basic / Diluted Earnings per Share

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
a) Amount used as the numerator Profit/(Loss) after tax - (A)	1,980,261	(16,296,081)
b) Weighted average number of Equity shares outstanding used as the denominator for computing Basic Earnings per share - (B)	9,567,270	9,567,270
c) Weighted average number of Equity shares outstanding used as the denominator for computing Diluted Earnings per share - (C)	9,567,270	9,567,270
d) Nominal value of equity shares (`)	1.00	1.00
e) Basic earnings per share (`) (A/B)	0.21	(1.70)
f) Diluted earnings per share (`) (A/C)	0.21	(1.70)

6 The Hon'ble Appellate Authority for Industrial and Financial Reconstruction (AAIFR) at its hearing held on 14th June, 2016 has, inter-alia, discharged the Company from the purview of The Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), since the networth of the company turned positive. Accordingly, the Company ceases to be a Sick Company.

7 **Segment information**

The Board of Directors has been identified as the Company's chief operating decision-maker (CODM) as defined by Ind AS 108 – Operating Segments. The Company is in the business of manufacturing of industrial explosive. Considering the core activities of the Company, the management is of the view that it is a single reportable business segment and hence, information relating to primary segment is not required to be disclosed.
The information about secondary segment has not been furnished as there is no export revenue of the Company.

8 **Disclosure pursuant to Indian Accounting Standard-12 "Income Taxes"**

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset is recognized 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 utilized. Deferred income tax liabilities are recognized for all taxable temporary differences. The carrying amount of deferred income 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 income tax asset to be utilized.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

9 **Disclosure pursuant to Indian Accounting Standard - 36 on "Impairment of Assets"**

Due to seizure of Company's explosive plant at Jhansi, the condition of the plant & machineries and other fixed assets thereat and the impairment loss, if any, in respect thereof could not be determined, pending which no provision for such impairments, if any, could be made in these accounts. In respect of new property, plant and equipment purchased and recognized during the year, no impairment loss is required to be recognized.

10 **Disclosure pursuant to Indian Accounting Standard - 19 on "Employee Benefits"**

During the year under review, no liability has accrued on account of long-term employee benefits payable by the Company. Hence, information as per the requirements of Indian Accounting Standard - 19 on "Employee Benefits" is not required to be disclosed.

11 **Expenditure on Corporate Social Responsibilities (CSR) Activities**

The provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company in view of the fact that the Company does not meet any of the financial criteria for applicabilty of CSR.

12 **Disclosure under Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Company has neither given any loan nor has advanced any amount either during the current year ended 31st March, 2018 or during the previous year ended 31st March, 2017. Hence, the requirements under the said Schedule is not applicable to the Company and no information is required to be disclosed.



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Note No. : 25 Other disclosures

13 Fair Value Measurements

A. Financial instruments by category

As at 31st March, 2020 (Amount in INR)

Sl. No.	Particulars	Amortized cost	FVTOCI	FVTPL	Total
	Non-Current Assets				
(1)	Financial assets	-	-	-	-
	Current Assets				
(2)	Financial assets				
(a)	Trade Receivables	18,427,800	-	-	18,427,800
(b)	Cash and cash equivalents	2,766,578	-	-	2,766,578
(c)	Bank balances other than (i) above	660,000	-	-	660,000
(d)	Other current Assets	51,580,687	-	-	51,580,687
	Total	73,435,065	-	-	73,435,065
	Non Current Liabilities				
(3)	Financial liabilities				
(a)	Borrowings	78,143,159	-	-	78,143,159
	Current Liabilities				
	Financial liabilities				
(a)	Borrowings	67,101,781			
(b)	Trade Payables	32,167,421			
(c)	Other current liabilities	17,918,594	-	-	17,918,594
	Total	195,330,956	-	-	96,061,754

As at 31st March, 2019 (Amount in INR)

Sl. No.	Particulars	Amortized cost	FVTOCI	FVTPL	Total
	Non-Current Assets				
(1)	Financial assets	-	-	-	-
	Current Assets				
(2)	Financial assets				
(a)	Trade Receivables	3,948,457	-	-	3,948,457
(b)	Cash and cash equivalents	3,986,403	-	-	3,986,403
(c)	Bank balances other than (i) above	-	-	-	-
(d)	Other current Assets	17,114,824	-	-	17,114,824
	Total	25,049,683	-	-	25,049,683
	Non Current Liabilities				
(3)	Financial liabilities				
(a)	Borrowings	110,254,842	-	666,932	110,921,774
	Current Liabilities				
	Financial liabilities				
(a)	Borrowings	24,154,624	-	-	-
(b)	Trade Payables	8,133,768	-	-	-
(c)	Other current liabilities	6,190,721	-	-	6,190,721
	Total	148,733,955	-	666,932.00	117,112,495

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Note No. : 25 Other disclosures

B. **Valuation technique, methods and assumptions used to determine the fair values:**

Fair value is a market-based measurement, not an entity-specific measurement. Under Ind AS, fair valuation of financial instruments is guided by Ind AS 113 "Fair Value Measurement" (Ind AS – 113).

In terms of Ind AS 113, 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.

C. Fair Value Hierarchy

This section explains the judgements and estimates based in determining the fair values of the financial instruments that are
a) recognized and measured at fair value and
b) measured at amortized cost and for which fair value are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial three levels prescribed under Ind AS.

The following tables provides the fair value measurement hierarchy of the Company's assets and liabilities.

(i) Financial assets and financial liabilities measured at fair value as at 31st March 2020:

(Amount in INR)

Sl. No.	Particulars	Level 1	Level 2	Level 3	Total
A.	**Financial assets [At amortized cost (current)]**				
	Trade Receivables	-	-	18,427,800	18,427,800
	Cash and cash equivalents	-	-	2,766,578	2,766,578
	Bank balances other than cash and cash equiva	-	-	660,000	660,000
	Loans	-	-	-	-
	Other financial assets	-	-	2,288,452	2,288,452
	Total financial assets	-	-	24,142,830	24,142,830
B.	**Financial Liabilities [At amortized cost]**				
(a)	**Non-current**				
	Borrowings	-	-	78,143,159	78,143,159
					-
(b)	**Current**				
	Borrowings	-	-	67,101,781	
	Trade Payables	-	-	32,167,421	
	Other financial liabilities	-	-	-	-
	Total financial liabilities	-	-	177,412,361	78,143,159

(ii) Financial assets and financial liabilities measured at fair value as at 31st March 2019:

(Amount in INR)

Sl. No.	Particulars	Level 1	Level 2	Level 3	Total
A.	**Financial assets [At amortized cost (current)]**				
	Trade Receivables	-	-	-	-
	Cash and cash equivalents	-	-	3,986,403	3,986,403
	Bank balances other than cash and cash equivalents	-	-	-	-
	Loans	-	-	-	-
	Other financial assets	-	-	2,288,452.00	2,288,452.00
	Total financial assets	-	-	6,274,855	6,274,855
B.	**Financial assets [At amortized cost]**				
(a)	**Non-current**				
	Borrowings	-	-	-	-
					-
(b)	**Current**				
	Borrowings			24,154,624	
	Trade Payables			8,133,768	
	Other financial liabilities	-	-	6,427,176	6,427,176
	Total financial liabilities	-	-	38,715,568	6,427,17

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Note No. : 25 Other disclosures

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value financial instruments that are not traded in an active market is determined using valuation techniques by maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers between Level 1 and Level 2 either during the year ended 31st March 2020 or during the year ended 31st March 2019.

(iv) The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, and other current financial assets and financial Vliabilities are considered to be same as their fair value due to the short-term maturities of these instruments.

14 **Financial risk management objectives and policies**

The Company's principal financial liabilities comprise borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and bank balances.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Amount in INR)

Sl. No.	Particulars	Less than 1 year	1 to 5 years	>5 years	Total
A.	As at 31st March 2020				
(i)	Borrowings	-	18,502,945	59,640,215	78,143,159
(ii)	Other financial liabilities	-	-	-	-
	Total	-	18,502,944.50	59,640,214.69	78,143,159.19
B.	As at 31st March 2019				
(i)	Borrowings *	-	24,670,593	86,251,182	110,921,775
(ii)	Other financial liabilities	6,427,146.00	-	-	6,427,146.00
	Total	6,427,146.00	24,670,593.00	86,251,182.00	117,348,921.00

15 **Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital and other equity attributable to the equity share-holders of the Company. The Company's objective when managing capital is to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stake holders.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2020 and 31st March 2019

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NOTE -1:- SIGNIFICANT ACCOUNTING POLICIES

1. Corporate information

Indo Gulf Industries Limited ("IGIL" or "The Company") is a public limited Company incorporated and domiciled in India. The registered office of the company is situated at 4237/11, IInd floor, Narendra Bhawan 1, Ansari Road, Daryaganj, New Delhi-110017, India. It was incorporated on March 05th, 1981.

The company's shares are listed on the BSE Ltd and Ahmedabad Stock Exchange.

The principal activities of the company is manufacturing of explosives, ammunitions and fireworks.

The Company's controlling interest aggregating to 54.96% is held by Ganesh Explosives Private Limited('*the holding company*') with effect from November 08th,2017 post the approval letter sanctioned by BSE Prior to this, the controlling interest was with Balrampur Chini Mills Limited ('the outgoing promoter')

These Ind AS Financial Statements were approved for issue by the Board of Directors of the Company on 6th July, 2020 and are subject to the approval by the shareholders in the ensuing Annual General Meeting.

2. Significant Accounting Policies

2.1 Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (referred to as Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements for the year ended 31st March, 2017 are the first financial statements of the Company prepared in accordance with Ind AS.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost basis

Historical Cost is generally based on the fair value of the consideration given in exchange for goods and services.

All assets and liabilities have been classified as current and non-current as per the Company' normal operating cycle and other criteria set out in General Instructions for the Preparation of Balance Sheet in

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Division II of Schedule III to the Act. The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

An asset as current when it is:

Expected to be realized or intended to be sold or consumed in normal operating cycle
Held primarily for the purpose of trading
Expected to be realized 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
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.

These financial Statements including notes thereon are presented in Indian Rupees ("Rupees" or "Rs." or "INR" or "₹"), which is the Company's functional and presentation currency. All amount disclosed in these financial Statements including notes thereon have been rounded off to the nearest rupee as per the requirements of Schedule III to the Act, unless stated otherwise.

2.3 **Revenue Recognition**

a) Interest income earned on Fixed Deposits with Banks is included in "Other income" in the Statement of Profit and Loss on accrual basis in accordance with Ind AS-18 .The said Income has been recognized at Transactional value.

Interest Income is recognised using the Effective Interest Rate. While calculating the EIR, the Company estimates the expected cash flows by considering all contractual terms of the financial instruments but does not consider the expected credit losses.

2.4 **Property, plant and equipment**

a) All Property, plant and equipment are measured at cost less depreciation and impairment losses.

The cost of an asset includes the purchase cost of materials, including import duties and non refundable taxes, and any direct cost of bringing an asset to the location and condition of its intended use.

Interest on borrowings used to finance the construction of qualifying assets are capitalized as part of the cost of the asset until such time that the asset is ready for its intended use.

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Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The present value of the expected cost for decommissioning of an asset after its use if any, is included in the cost of the respective asset if the recognition criteria for a provision are met.

The costs and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Depreciation on tangible fixed assets is provided on straight line basis so as to charge the cost of the assets less its residual value over the useful life of the respective asset as prescribed under Part C of Schedule II to the Act, other than for mobile phones.

Residual value has been considered as 5% of the cost of the respective asset.

Leasehold land in the nature of perpetual lease is not amortised.

Depreciation /amortization on assets added, sold or discarded during the year is provided on pro-rata basis.

The asset's useful lives, residual values and methods of depreciation/amortization are reviewed at each reporting period and adjusted prospectively, if appropriate.

b) **Capital Work in Progress**

Capital Work in Progress includes cost of property including construction stores, Materials in Transit/Equipment/Services, etc received at site for use in the projects as at the balance sheet date.

All revenue expenses incurred during construction period, which are exclusively attributable to acquisition/construction of fixed assets, are capitalized at the time of commissioning of such assets.

2.5 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 fulfillment 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.

For arrangements entered into prior to the transition date i.e. 1st April, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

As a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Leases under which substantially all of the risks and rewards of ownership are transferred to the Company are classified as financial leases.

The Company has entered a lease arrangement with U.P. State Industrial Development Corporation Limited ('lessor') dated 17th, December, 1984 vide which the lessor has transferred the possession to the company. The same has been considered as perpetual lease in nature and hasn't been amortised.

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2.6 Provisions Contingent Liabilities and contingent assets

a) A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are not recognized for future operating losses.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the passage of time is recognized as finance costs.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the Balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle the provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to any provision is presented in the Statement of profit or loss, net of any reimbursement.

b) A contingent liability is not recognized in the financial statements, however, is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability , a provision is recognised in the financial statements of the period in which the change in probability occurs (except in very rare circumstances where no reliable estimate can be made).

Contingent liabilities exceeding INR 5,00,000/- in each case are disclosed by way of notes to accounts.

c) Contingent assets are not recognized in the financial statements, however it is disclosed, when an inflow of economic benefits is probable. When the realization of income is virtually certain, then the related asset is no longer a contingent asset, and is recognized as an asset.

d) Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet Date.

2.7 Employee benefits

Liabilities for salaries and wages, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employee render the services are recognized in respect of employees' services up to the end of the Balance Sheet date and are measured at the amounts expected to be repaid when the liabilities are settled.

2.8 Financial instruments

Financial assets and liabilities are recognized in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition based on its nature and characteristics.



a) **Financial assets**

i) Initial recognition and measurement

All financial assets are recognized 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 assets.

The financial assets include cash and bank balances and loans and advances.

ii)Subsequent measurement

For purposes of subsequent measurement, financial assets in the nature of debt are classified at amortized cost.

Debt instruments at amortized cost

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

1) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
2) 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 amortized cost using the effective interest rate (EIR) method. Amortized 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.

iii) De-recognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

b) **Financial liabilities**

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost.

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities classified at amortized at cost, net of directly attributable transaction costs.

The financial liabilities include borrowings and other payables.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified at amortized cost.

Financial liabilities at amortized cost

After initial recognition, financial liabilities are subsequently measured at amortized cost using EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.



Amortized 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 amortization is included as finance costs in the statement of profit or loss.

iii) De-recognition

A financial liability is derecognized 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

c) Offsetting of financial instruments

Financial assets and liabilities including derivative instruments are offset and the net amount is reported in the Balance Sheet ,if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis(i.e. to realise the assets and settle the liabilities simultaneously).

d) Fair value measurement

In determining the fair value of financial instruments, the Company uses a variety of methods and assumption that are based on market conditions and risks existing at each Balance Sheet date.

All assets and liabilities for which the fair value is measured or disclosed in the financial statement are categorized 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.

All methods of assessing fair value result in general approximation of value and such value may never actually be realized.

For all other financial instruments, the carrying amounts approximate the fair value due to the short maturity of those instruments.

e) Share capital

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Incremental costs directly attributable to the issuance of new equity shares are recognized as a deduction from equity, net of any tax effects.



2.9 Impairment of Assets

a) Non financial assets

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fir value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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 approximate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

b) Financial assets

The Company applies expected credit loss (ECL) model in accordance with Ind AS 109 for measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments, and are measured at amortized cost.

The company follows 'simplified approach' for recognition of impairment loss allowance.

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from it's initial recognition.

2.10Taxes

The Income tax expense comprises current tax and deferred tax and is recognized in the Statement of profit or loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities using the tax rates and tax laws that are enacted by the Balance Sheet date and applicable for the period.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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The company offsets current tax assets and current tax liabilities , where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis(i.e. to realise the assets and liabilities simultaneously).

(b)Deferred income tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused credits and any unused tax losses. Deferred tax assets are recognized 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 utilized ,except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet 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 utilized. Unrecognized deferred tax assets are reassessed at each Balance Sheet date and are recognized 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 realized or the liability is settled, based on tax rates(and tax laws) that have been enacted or substantively enacted at the Balance Sheet Date.

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.

2.11 Earnings Per Share

a)Basic Earnings Per Share are computed by dividing the net profit/(loss) after tax by the weighted average number of equity shares outstanding during the year.

b)Diluted Earnings Per Share are computed by dividing the net profit/(loss) after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are determined as at the end of each period presented. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any shares splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

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2.12 Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprise cash on hand, cheques on hand, balance with banks on current accounts and short term , highly liquid investments with an original maturity of three months or less and which carry 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.

2.13 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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.

In particular, the Company has identified the following areas where significant judgments, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

Judgements

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

(a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, 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 judgment and the use of estimates regarding the outcome of future events.

(b) 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.



Amendments to Ind AS 7 "Statement of Cash Flows"

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from Cash Flows and Non Cash Changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

This amendment is effective for accounting period commencing on or after 1st April 2017. The company is evaluating the requirements of the amendments and the effect on the financial statements is being evaluated.

