

# MEHTA & PAI

CA. SURESH S. MEHTA  
B.Com. (Hons.), F.C.A.

CA. ARUN K. PAI  
B.Com. (Hons.), F.C.A.

CHARTERED ACCOUNTANTS  
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Mumbai - 400 034.  
GST NO. 27AAFFM5366C1ZC

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## Independent Auditor's Report

To the Members of HCC Construction Limited

Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of HCC Construction Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

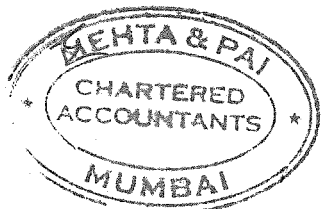
### Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for preparation of other information. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are



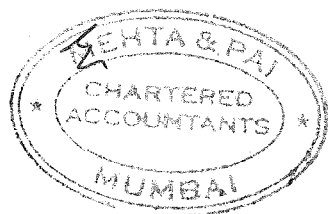
required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

#### **Responsibilities of Management for the Standalone Financial Statements**

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, 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.
6. In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

8. 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 Standards on Auditing 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.
9. As part of an audit in accordance with Standards on Auditing, 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 financial 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.
10. 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.
11. 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**

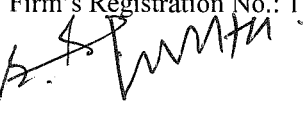
12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
13. Further to our comments in Annexure B, as required by section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The standalone financial statements dealt with by this report are in agreement with the books of account
  - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;
  - f) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the company and the operating effectiveness of such controls, refer to our separate Report in

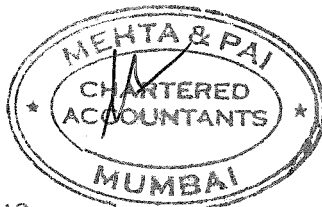


'Annexure B'. Our Report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's Internal Financial Controls over financial reporting.

- g) We report that the Company has not paid any remuneration to its directors during the year to which the provisions and limits laid down under section 197 read with Schedule V to the Act are applicable.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company does not have any pending litigations which would impact its financial position as at 31 March 2019;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019.

For **Mehta & Pai**  
Chartered Accountants  
Firm's Registration No.: 113591W

  
**Suresh Mehta**  
Partner  
Membership No.: 032230



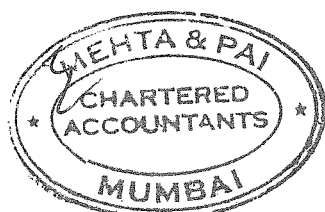
  
Place: Mumbai

Date: 06 MAY 2019

## ANNEXURE A TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the financial statements for the year ended on March 31, 2019 of HCC Construction Limited )

- (i) The company doesn't have any Fixed Assets and accordingly, the provisions of sub-clauses (a),(b) and (c) clause (i) of the Order are not applicable to the Company.
- (ii) In absence of inventories clauses (ii) of the Order is not applicable to the Ccompany.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, sub-clause (a), (b) and (c) are not applicable.
- (iv) In the absence of loans, investments, guarantees and security provided, provisions of section 185 and 186 of the Companies Act, 2013 are not applicable.
- (v) The Company has not accepted any deposits from the public to which the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 or the Companies (Acceptance of Deposit) Rules 2014 or the directives issued by the Reserve Bank of Ind'a apply.
- (vi) We have been informed that the Company is not required to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013, which has been relied upon.
- (vii) During the year there were no employees in the employment of the Company. Accordingly the directions relating to Provident Fund and Employee's State Insurance are not applicable to the Company. Further, based on our examination of the records maintained during the year, the Company is not liable to make any payments towards duty of customs, duty of excise, cess, sales tax, value added tax and goods & service tax (GST). The Company has been generally regular in depositing income tax and service tax dues along with cess thereon with the appropriate authority and there are no undisputed amounts payable there of which are outstanding, as at March 31, 2019 for a period of more than six months from the date they became payable.\
- (viii) According to the records of the Company, there are no dues of income tax, sales tax, service tax, custom duty, excise duty, value added tax, goods and service tax (GST) and cess which have not been deposited on account of any dispute.
- (ix) According to the information and explanations given to us, the Company has not taken any money from any financial institution, bank or debenture holder, and hence clause 3(viii) is not applicable to the Company.
- (x) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- (xi) According to the information and explanations furnished by the management, which have been



relied upon by us , there were no frauds on or by the Company noticed or reported during the course of our audit.

- (xii) In absence of any managerial personnel, no managerial remuneration is paid and therefore the provisions of clause 3 (xi) of the Order are not applicable to the Company.
- (xiii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company
- (xiv) According to the information and explanation given to us and based on our examination of records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence clause 3 (xiv) is not applicable to the Company .
- (xvi) The Company has not entered into any non-cash transactions with directors or persons connected with him and hence clause 3(xv) is not applicable to the Company.
- (xvii) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Mehta & Pai**

Chartered Accountants

Firm's Registration No.: 113591W

  
**Suresh Mehta**

Partner

Membership No.: 032230

Place: Mumbai

Date:

06 MAY 2019



## **Annexure-B to Auditor's report**

### **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 **HCC Construction Limited** ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

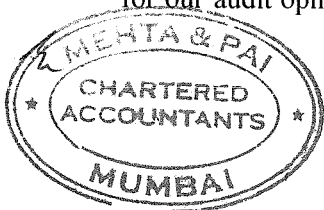
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 adequacy of the internal financial controls system over financial reporting 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

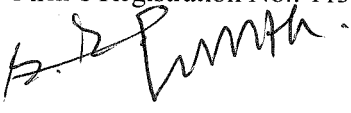
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error

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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, 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 **Mehta & Pai**  
Chartered Accountants  
Firm's Registration No.: 113591W

  
**Suresh Mehta**  
Partner  
Membership No.: 032230  
Place: Mumbai

Date: 06 MAY 2019





**BALANCE SHEET AND STATEMENT OF PROFIT & LOSS  
FOR THE YEAR ENDED 31ST MARCH 2019**

**HCC CONSTRUCTION LIMITED**

**HCC CONSTRUCTION LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2019**

PARTICULARS	Note No.	For the Year ended	For the Year ended
		31st March 2019	31st March 2018
		Rs.	Rs.
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>CURRENT ASSETS</b>			
Financial Assets			
Cash and Cash Equivalents	2	4,09,746	4,68,791
Other Current Assets	3	21,133	21,133
<b>TOTAL</b>		<b>4,30,879</b>	<b>4,89,924</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	5	5,00,000	5,00,000
<b>OTHER EQUITY</b>			
Reserve and surplus	6	(3,55,414)	(2,99,597)
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITY</b>			
<b>CURRENT LIABILITY</b>			
<b>Other Current Liabilities</b>			
Trade payables	7	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,49,570	1,49,070
Provisions	8	36,722	1,40,450
<b>TOTAL</b>		<b>4,30,879</b>	<b>4,89,924</b>
Significant Accounting Policies and Notes to Accounts	1		

As per our report of even date

For MEHTA & PAI  
Chartered Accountants  
Registration No. 113591W

(SURESH MEHTA)  
Partner  
Membership No. 32230



For HCC Construction Ltd

*S.D. Jeur*

S.D. JEUR

Director

*R.V.R. Kishore*

R.V.R. KISHORE

Director

*S. Sridevi*

SRIDEVI IYENGAR

Director

PLACE : Mumbai

DATED : 06 MAY 2019

**HCC CONSTRUCTION LIMITED**

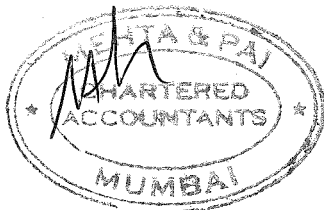
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019**

	Particulars	Note No.	For the Year ended 31st March 2019	For the Year ended 31st March 2018
			Rs.	Rs.
I	<b>REVENUE FROM OPERATIONS</b>			-
II	<b>OTHER INCOME</b>	9	-	5,15,000
	Total Income (I+II+III)		-	5,15,000
IV	<b>EXPENSES</b>			
	Other Expenses	10	55,816	43,541
	<b>Total Expenses (IV)</b>		55,816	43,541
V	<b>Profit / (Loss) before exceptional items and Tax</b>		(55,816)	4,71,459
VI	Exceptional Items			-
VII	<b>Profit Before Tax(IV - V)</b>		(55,816)	4,71,459
VIII	<b>TAX EXPENSE</b>			
	Current Tax		-	98171
	MAT Cr. Entitlement.		-	(21,133)
			-	77,038
			-	-
IX	<b>Profit(Loss) for the year from the continuing operations</b>		(55,816)	3,94,421
X	<b>Profit / (Loss) for the year from the discontinuing operations</b>		-	-
XI	Tax Expense from discontinuing operations		-	-
XII	<b>Profit / (Loss) for the year from the discontinuing operations</b>		-	-
XIII	<b>LOSS FOR THE YEAR</b>		(55,816)	3,94,421
	Earning per Share (Basic & Diluted) (Face Value of Rs. 10/- per Share)		(1.12)	7.89
	Significant Accounting Policies and Notes to Accounts	1		

As per our report of even date

For MEHTA & PAI  
Chartered Accountants  
Registration No. 113591W

(SURESH MEHTA)  
Partner  
Membership No. 32230



For HCC Construction Ltd

*S.D. Jeur*  
S.D. JEUR

Director

*R.V.R. Kishore*  
R.V.R. KISHORE

Director

*S. Sridevi*  
MS. SRIDEVI IYENGAR

Director

PLACE : Mumbai

DATED : 06 MAY 2019

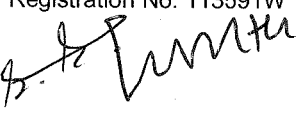
**HCC CONSTRUCTION LIMITED**

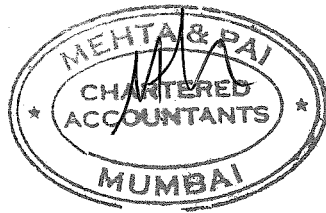
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2019**

	YEAR ENDED 31.03.2019 (Amount in Rs)	YEAR ENDED 31.03.2018 (Amount in Rs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss before tax as per Statement of Profit & Loss	(55,816)	3,94,421
Operating loss before working capital changes	<u>(55,816)</u>	<u>3,94,421</u>
Adjustments for :		
Trade & Other receivable	-	
Other payables	<u>(3,228)</u>	
	<u>(3,228)</u>	<u>73,738</u>
Cash generated from operations	<u>(59,043)</u>	<u>4,68,160</u>
Direct Taxes Paid	-	-
Net cash flow from operating activities	<u>(59,043)</u>	<u>4,68,160</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	-	-
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>(59,043)</u>	<u>4,68,160</u>
CASH AND CASH EQUIVALENTS AS AT 01/04/2018 (OPENING BALANCE)	<u>4,68,791</u>	<u>631</u>
CASH AND CASH EQUIVALENTS AS AT 31/03/2019 (CLOSING BALANCE)	<u>4,09,746</u>	<u>4,68,791</u>

As per our report attached

For HCC Construction Ltd

For **MEHTA & PAI**  
Chartered Accountants  
Registration No. 113591W  
  
**(SURESH MEHTA)**  
Partner  
Membership No. 32230



  
**S.D. JEUR** Director

  
**R.V.R. KISHORE** Director

  
**MS. SRIDEVI IYENGAR** Director

PLACE : Mumbai

Dated : **06 MAY 2019**

**HCC CONSTRUCTION LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

Particulars	Equity share capital	Other Equity		Total
		Reserves and Surplus		
		Retained Earnings		
Balance as of April 1, 2018	5,00,000	(2,99,597)		2,00,403
Changes in equity for the Quarter ended 31.03.2019				
Profit / (Loss) during the year	-	(55,816)		(55,816)
Balance at the end of 31.03.2019	5,00,000	(3,55,414)		1,44,586

As per our report of even date

**For MEHTA & PAI**  
Chartered Accountants  
Registration No. 113591W

*(Signature)*  
**(SURESH MEHTA)**  
Partner  
Membership No. 32230



PLACE : Mumbai  
DATED :

**08 MAY 2019**

# HCC CONSTRUCTION LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements as at and for the Quarter ended 31.03.2019

Note No 1 :

## 1.1 Basis of Preparation of Financial Statements

The financial statements ("the financial statements") of HCC Construction Ltd ("the Company") have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified by the Companies (Accounting Standards) Rules, 2015 in respect of Section 133 of the Companies Act, 2013 ("the Act").

The financial statements upto year ended 30 June 2018 were prepared in accordance with the Accounting Standards notified by the Companies (Accounting Standards) rules, read with rule 7 to the Companies (Accounts) Rules, 2014 (as amended) in respect of Section 133 of the Act ("previous GAAP"). These financial statements are the first financial statements of the Company under Ind AS. Refer note no 1.3, for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flow.

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities, share based payments and contingent consideration that are measured at fair values, on an accrual basis of accounting.

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Company as per the guidance set out in Schedule III to the Act.

## 1.2 Accounting Estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities.

## 1.3 Financial Instruments

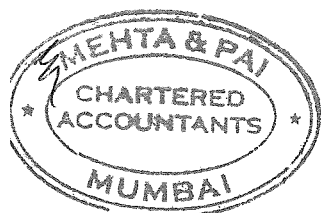
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### (a) Financial Assets

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

### i) Financial Assets at Amortised Cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate method.



ii) **Financial Assets Measured at Fair Value**

Financial assets are measured at fair value through other comprehensive income ("OCI") if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

Financial asset not measured at amortised cost or at fair value through OCI is carried at fair value through profit or loss.

iii) **Impairment of Financial Assets**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

iv) **De-recognition of Financial Assets**

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(b) **Equity Instruments and Financial Liabilities**

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

i) **Equity Instruments and Financial Liabilities**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

ii) **Financial Liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

1 **Borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

2 **De-recognition of Financial Liabilities**

Financial liabilities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gains/ (losses).

3 **Offsetting Financial Instruments**

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

1.4 **Cash & Cash Equivalents**

Cash and cash equivalents comprise of cash at bank and cash on hand. The Company considers all highly liquid investments with an original maturity of three month or less from date of purchase, to be cash equivalents.



## 1.5 Provisions, Contingent Liabilities and Contingent Assets

- (a) A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. When appropriate, the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.
- (b) Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.
- (c) Contingent assets are neither recognised nor disclosed in the financial statements.

## 1.6 Finance Cost

Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. Other borrowing costs are charged to the Statement of Profit and Loss in the period in which it is accrued. Also, the EIR amortisation is included in finance costs.

## 1.7 Revenue Recognition

### (a) Revenue from operations

The Company follows the percentage completion method, based on the stage of completion at the Balance Sheet date, taking into account the contractual price and revision thereto by estimating total revenue including claims/ variations as per Ind AS 11 and total cost till completion of the contract and the profit so determined proportionate to the percentage of the actual work done.

### (b) Interest and Other Income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

Other income is accounted for on accrual basis. Where the receipt of income is uncertain it is accounted for on receipt basis.

## 1.8 Taxation

Tax on Income for the current year is computed in accordance with the provisions of the Income Tax Act, 1961.

The deferred tax charge or credit is recognized using the tax rates and tax laws that have been enacted on the Balance sheet date. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. At each balance sheet date, recognized and unrecognized deferred tax assets are reviewed.

## 1.9 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of shares outstanding during the year. For the purpose of calculating diluted earning per share, net profit or loss for the year attributable to equity shareholders and weighted number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## 1.10 Segment Reporting

The Company's operation is considered under one segment "Real-Estate Development" for internal reporting provided to the chief operating decision maker. Therefore, the Company's business does not fall under different operational segments as defined by Ind AS 108 - "Operating Segments" referred to in Section 133 of the Companies Act, 2013.





**HCC CONSTRUCTION LIMITED****Notes Forming Part of Financial Statements As On 31st March 2019**

(All amounts are in INR Rupees, unless stated otherwise)

**Note 4 Financial Instrument****Financial risk management**

The companies activities exposes it to market risk, liquidity risk and credit risk.

This note explains the source of risk which the entity is exposed to and how the entity is manage the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Market risk — foreign exchange	-	-	-
Market risk — interest rate	-	-	-
Liquidity risk	Borrowings, Trade Payables and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

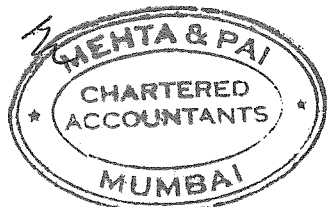
The Management of the Company provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instrument and non-derivative financial instrument, and investments of excess liquidity.

**(a) Credit Risk**

The company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the company. Credit risk arises from cash and cash equivalents, financial assets carried at amortised cost.

**(b) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Company maintains flexibility in funding by support from holding company



**HCC CONSTRUCTION LTD****Notes Forming Part of Financial Statements As On 31st March 2019**

(All amounts are in INR Rupees, unless stated otherwise)

**Fair value measurements****Significance of financial instruments :****Classification of financial instruments**

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Financial Assets</b>		
<b>At Amortised Cost</b>		
Cash and Cash equivalent	409746	468791
<b>At Fair Value through Profit &amp; Loss</b>		
<b>Total of Financial Assets</b>	<u>4,09,746</u>	<u>4,68,791</u>
<b>Financial Liabilities</b>		
<b>At Amortised Cost</b>		
Other Financial Liabilities	-	-
<b>Total of Financial Liabilities</b>	<u>-</u>	<u>-</u>

**Fair Value Hierarchy :****(a) Fair value hierarchy - Recurring fair value measurements**

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Financial Assets</b>		
<b>At Fair Value through Profit &amp; Loss</b>		
Level - 1		
<b>Total of Financial Assets</b>	<u>-</u>	<u>-</u>

**(b) Fair value hierarchy - Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Financial Assets</b>		
Level - 2		-
<b>Total of Financial Assets</b>	<u>-</u>	<u>-</u>
<b>Financial Liabilities</b>		
Level - 3		
Inter corporate deposit	-	-
Other Financial Liabilities - Interest on ICD	-	-
<b>Total of Financial Liabilities</b>	<u>-</u>	<u>-</u>

**Recognised fair value measurements**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

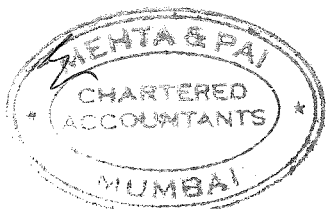
Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the

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

**Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

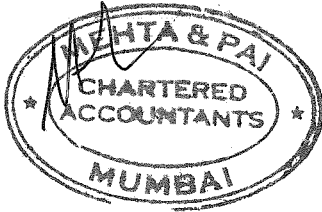


**HCC CONSTRUCTION LIMITED**  
**Notes to Accounts**

PARTICULARS	As At	As At
	31st March 2019	31st March 2018
	Rs	Rs
<b>Note No. - 2</b>		
<b>CURRENT ASSETS</b>		
<u>Financial Assets</u>		
Cash and Cash Equivalents		
Bank Balance with Scheduled bank in current account	4,09,746	4,68,791
	<b>4,09,746</b>	<b>4,68,791</b>
<b>Note No. - 3</b>		
<b>OTHER CURRENT ASSETS</b>		
MAT Credit Receivable.	21,133	21,133
	<b>21,133</b>	<b>21,133</b>
<b>Note No. - 5</b>		
<b>EQUITY</b>		
<u>Equity Share Capital</u>		
<u>Authorised Capital</u>		
50,00,000 Equity shares of Rs.10/- each	5,00,00,000	5,00,00,000
	<b>5,00,00,000</b>	<b>5,00,00,000</b>
<u>Issued, Subscribed &amp; Paid-up Capital</u>		
50,000 Equity shares of Rs.10/- each (Fully held by Hindustan Construction Company Ltd, the holding Co.)	5,00,000	5,00,000
	<b>5,00,000</b>	<b>5,00,000</b>
Reconciliation of shares outstanding at the beginning and at the end of the reporting period.		
Equity shares :		
No of shares outstanding at the Beginning of the year : Qty	50000	50000
	Value	500000
Add : Share issued and allotted during the year Qty	-	-
	Value	-
No of shares outstanding at the End of the year : Qty	50000	50000
	Value	500000
Terms / Rights attached to shares :		
<u>Equity shares</u>		
Shares held by Holding Company :		
Hindustan Construction Company Limited Qty	50000	50000
Share Holding of more than 5% :		
Hindustan Construction Company Limited % Held	100	100
	50000	50000
<b>Note No. - 6</b>		
<b>OTHER EQUITY</b>		
<u>Reserve and surplus</u>		
<u>Surplus as per Profit and Loss</u>		
Balance Brought Forward	(2,99,597)	(6,94,018)
Add : Loss for the Year	(55,816)	3,94,421
Closing Balance	<b>(3,55,414)</b>	<b>(2,99,597)</b>

MUMBAI

<b>Note No. - 7</b>		
<b>CURRENT LIABILITY</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Hindustan Construction Company Ltd	2,49,570	1,49,070
	<b>2,49,570</b>	<b>1,49,070</b>
<b>Note No. - 8</b>		
<b>SHORT TERM PROVISIONS</b>		
Other provisional Liability	36,551	42,280
Provision for Taxation	171	98,171
	<b>36,722</b>	<b>1,40,451</b>
<b>Note No. - 9</b>		
<b>OTHER INCOME</b>		
Project/ Management Consultancy services	-	5,00,000
Excess Provision for Expenses written back	-	15,000
	-	<b>5,15,000</b>
<b>Note No. - 10</b>		
<b>OTHER EXPENSES</b>		
Professional Charges	10,900	16,162
Audit Fees	19,472	17,250
Rates and Taxes	17,027	8,612
Finance Charges	5,546	1,517
Office Exp	2,871	-
	<b>55,816</b>	<b>43,541</b>



11 Disclosure in accordance with Ind-AS 24 Related Party Transactions

**A. Names of Related Parties & Nature of Relationship**

No.	Name of the Company	Country of Incorporation	Relationship
1	Hindustan Construction company	India	Holding Company

**B. Transactions with related parties**

(Amount in Rs.)

Particulars of Transaction	Fellow Subsidiary		Holding Company	
	2018-19	2017-18	2018-19	2017-18
Payable to Hindustan Construction Co. Limited-Holding Company	-	-	2,49,570	1,49,070
Project Mangement Fees Received from Holding Company	-	-	-	(5,00,000)

12 The Current Financial statement are prepared on going concern basis, since the networth of company has exceeded the accumulated losses.

13 The Micro Small and Medium enterprises, to whom the amount outstanding for more than 30 days is Nil. The information has been complied to the extent they could be identified as small scale and ancillary undertakings on the basis of information available with the Company & relied upon by the auditors.

**14 Earnings per Share**

	Particulars	2018-19	2017-18
i.	Net Profit /(Loss) as per Statement of Profit & Loss Account available for Equity Shareholders (Rupees)	(55,816)	3,94,421
ii.	No. of Shares of Equity Shares for EPS Computation	50,000	50,000
iii.	EPS (Basic & Diluted) (Rupees) (Face Value Rs.10/- per Share)	(1.12)	7.89

15 Company operates a single segment namely "**Business of an Construction Company**". Therefore, the company business does not fall under different business segment as defined by AS - 17, "Segmental Reporting" notified under the Companies ( Accounting Standards) Rules, 2006.

16 There are no items having timing differences, therefore deferred tax asset / liability is not recognised.

17 During the year, there are no employees on payroll; hence disclosures under Accounting Standard 19 "Employee Benefits" are not applicable.

18 There are no reportable contingent liabilities as on Balance Sheet Date.

19 Previous year's figures have been regrouped / recast, wherever necessary.

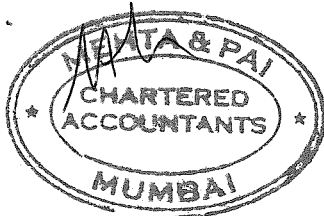
**As per our report of even date**

**For MEHTA & PAI**

Chartered Accountants  
Registration No. 113591W

(SURESH MEHTA)

Partner  
Membership No. 32230



**For HCC Construction Ltd**

*S.D. Jeur*  
S.D. JEUR

Director

*R.V.R. Kishore*  
R.V.R. KISHORE

Director

*S. Sridevi*  
SRIDEVI IYENGAR

Director

PLACE : Mumbai

DATED : 06 MAY 2019