

ADITYA BIRLA



HGI

ANNUAL REPORT
2017-2018

HGI INDUSTRIES LIMITED

MANAGEMENT TEAM

DIRECTORS

Mr. Jyoti Prakash Kanoria
Mr. Arvind Kumar Newar
Mr. Yashwant Kumar Daga
Mr. Ravindra Kastia
Mrs. Neha Agrawal

REGISTERED OFFICE

'Industry House'
18th Floor,
10, Camac Street,
Kolkata – 700017

CHIEF EXECUTIVE OFFICER

Mr. Hukam Chand Daga

AUDITORS

M/s. Salarpuria, Jajodia & Co.

CHIEF FINANCIAL OFFICER

Mr. Kamal Kishor Agarwal

BANKERS

HDFC Bank Limited
State Bank of India

**COMPANY SECRETARY &
COMPLIANCE OFFICER**

Mr. Shubhradip Bose (upto 31.03.2018)
Mr. Rakesh Sharma (w.e.f 23.05.2018)

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SHAREHOLDER INFORMATION

1.	Annual General Meeting	
	Date and Time	Thursday, 27 September, 2018 11.00 A.M.
	Venue	'Industry House' 19 th Floor, 10, Camac Street, Kolkata – 700 017 West Bengal, India
2.	Financial Calendar	April 2018 to March 2019
	Financial reporting for the quarter ending June 30, 2018	Second week of August, 2018
	Financial reporting for the quarter ending September 30, 2018	Second week of November, 2018
	Financial reporting for the quarter ending December 31, 2018	Second week of February, 2019
	Financial reporting for the quarter ending March 31, 2019	Second week of May, 2019
	Annual General Meeting for the year ended March 31, 2019	August / September, 2019
3.	Dates of Book Closure	21.09.2018 to 27.09.2018 (Both days inclusive)
4.	Dividend Payment Date	N.A.
5.	Registered Office	'Industry House' 18 th Floor, 10, Camac Street Kolkata – 700 017 West Bengal, India Tel : (033) 4455 5500 / 98 Fax : (033) 4455 5537 Email: hgiho@adityabirla.com Website : www.hgiil.com
6.	Corporate Identification Number (CIN)	L40200WB1944PLC011754
7.	Listing on Stock Exchange at	Kolkata
8.	Name of the Stock Exchange	The Calcutta Stock Exchange Limited 7, Lyons Range, Kolkata - 700 001 Stock Code: 10018159 <i>Note : Listing Fees for the FY 2018-19 has been paid to Calcutta Stock Exchange Ltd. as per their schedule and no amount outstanding.</i>
9.	Name of Depositories	<p>1. National Securities Depository Ltd. 4th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013</p> <p>2. Central Depository Services (India) Ltd. Marathon Futurex, 'A' Wing, 25th Floor, N. M. Joshi Marg, Mumbai – 400 013</p>

SHAREHOLDER INFORMATION

10.	ISIN	INE 869B01018		
11.	Stock Price Data			
	The Calcutta Stock Exchange Limited	(in ₹)		
	F.Y. 2017-18	High	Low	Close
		-	-	-
	Av. Volume			
	-			
Since there has been no trading during the year under review, the monthly data are not available and hence not furnished.				
12.	Registrar and Transfer Agents (Physical and Demat both)	MCS Share Transfer Agent Limited 12/1/5, Manoharpukur Road, Kolkata – 700 026 Ph : (033) 4072-4051/53 Fax : (033) 4072-4054 E-mail : mcsstal@rediffmail.com		
13.	Share Transfer System	Share Transfers in physical form are registered normally within 15 days from the date of receipt, provided that the documents are complete in all respects. The total number of equity shares transferred in the physical form during the year was 3200 (Previous year Nil). The transfers were completed within 10 days from the date of receipt.		

Transfer period (in days)	2017-18				2016-17			
	No. of transfers	No. of Shares	%	Cumulative Total	No. of transfers	No. of Shares	%	Cumulative Total
1 – 10	1	3200	100	3200	-	-	-	-
11 – 15	-	-	-	-	-	-	-	-
16 – 20	-	-	-	-	-	-	-	-
21 – 30	-	-	-	-	-	-	-	-
30 & above	-	-	-	-	-	-	-	-
Total	1	3200	100	3200	-	-	-	-

Number of pending Share Transfers as on 31st March 2018 is Nil.

14. Investor Services: Complaints received during the year				
Nature of Complaints	2017-18		2016-17	
	Received	Cleared	Received	Cleared
1. Relating to Transfer, Transmission, Duplicate Share Certificate, change of address etc.	-	-	-	-
2. Dividends, Interest, Redemption etc.	-	-	-	-
3. Demat – Remat	-	-	-	-
4. Others	4	4	6	6
Total	4	4	6	6

Legal proceedings on share transfer issues, if any: There are no legal proceedings relating to transfer of shares.

SHAREHOLDER INFORMATION

15. Distribution of Shareholding as on 31st march, 2018				
No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% Share holding
1 – 500	1282	83.25	202233	5.34
501 – 1000	118	7.66	89725	2.37
1001 – 2000	73	4.74	102510	2.71
2001 – 3000	16	1.04	40677	1.07
3001 – 4000	9	0.58	30930	0.82
4001 – 5000	5	0.33	22773	0.60
5001 – 10000	12	0.78	79967	2.11
10001 – 50000	11	0.71	223148	5.89
50001 – 100000	7	0.46	500121	13.20
100001 and Above	7	0.45	2495571	65.89
Total	1540	100	3787655	100

Category of Shareholding as on 31st March, 2018

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Holding
Promoters	6	0.39	651730	17.21
Financial Institutions, Banks & Mutual Funds	12	0.78	1592739	42.05
NRI/OCB	3	0.19	5762	0.15
Private Body Corporate	62	4.03	926793	24.47
Individuals / Trust	1457	94.61	610631	16.12
Total	1540	100.00	3787655	100.00

SHAREHOLDER INFORMATION

16.	Dematerialization of Shares and Liquidity:	Trading in Equity Shares of the Company is permitted only in the dematerialized form with effect from 25 th September 2000, as per notifications issued by SEBI.
17.	Details on use of public funds obtained in the last three years:	No funds have been raised from the public in last 3 years.
18.	Outstanding GDR / Warrants and Convertible Bonds, Conversion date and likely impact on Equity:	N.A.
19.	Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:	N.A.
20.	Certificates / Secretarial Audit:	<p>(a) Pursuant to the Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates have been issued, on half-yearly basis, by a Practicing Company Secretary, certifying due compliance of share transfer formalities by the Company.</p> <p>(b) A Chartered Accountant in Practice carries out quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted Capital with NSDL and CDSL and the Total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in demat form (held with NSDL and CDSL). The said certificate is submitted quarterly to the Stock Exchange, NSDL and CDSL and is also placed before the Board of Directors.</p> <p>(c) Pursuant to Section 204 of the Companies Act, 2013, M/s K. Arun & Co., Practicing Company Secretaries, have conducted Secretarial Audit of the Company for the financial year 2017-18. The Audit Report is annexed to the Board's Report.</p>
21.	Plant Locations:	None
22.	Investor Correspondence: Share Transfer / De-materialization or other queries relating to Shares of the Company	MCS Share Transfer Agent Limited 12/1/5, Manoharpukur Road Kolkata – 700 026 Phone : (033) 4072-4051/53 Fax : (033) 4072-4054 E-Mail : mcsstal@rediffmail.com

23. Per Share Data:

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
Net Earnings [PAT] (₹ in Lakh)	(1.92)	1.75	(37)	11.63	15.61
Cash Earnings [PBDT] (₹ in Lakh)	(1.76)	191	(21)	11.79	15.84
Dividend Per Share (₹)	Nil	Nil	Nil	Nil	Nil
Face Value per Share (₹)	10	10	10	10	10

SHAREHOLDER INFORMATION

24. Other useful information for Shareholders:

Change of Address

- (a) Members are requested to notify immediately any change of address (with PIN CODE) and Bank Account details to their Depository Participants (DPs) in respect of their electronic share accounts and Shareholders holding shares in physical form should notify the same to the Company's RTA by written request under the signature of sole/first joint holder quoting reference of their folio number.
- (b) Members, who hold shares in Physical Form, are advised that a self-attested copy of the PAN card of the Member/ Transferee Members, surviving joint holder/legal heirs be furnished to the Company while making request for transfer, deletion of the name of the deceased joint holder, transposition of name and transmission of shares, as the case may be.
- (c) Shareholders who have not yet registered their e-mail address for availing the facility of e-communication are requested to register the same immediately to their DPs in respect of their shares held in dematerialised form and to MCS Share Transfer Agent Limited, in respect of their physical share folios, if any, quoting reference of their folio numbers.

Communication to the Company

Members are requested to make all correspondence in connection with the shares held by them by addressing letters directly to MCS Share Transfer Agent Limited, 12/1/5, Manoharpukur Road, Kolkata – 700 026, quoting reference of their folio numbers and / or Client ID and DP ID number.

Loss of Shares

In case of loss/misplacement of shares, investors should immediately lodge a FIR/Complaint with the Police and inform to the Company/RTA along with original or certified copy of FIR/Acknowledged copy of Police Complaint along with a self-attested copy of their PAN card.

Non-Resident Shareholders

Non-Resident Shareholders are requested to immediately notify the following to the Company in respect of shares held in physical form and to their DPs in respect of shares held in dematerialised form:

- ▶ Indian address for sending all communications, if not provided so far;
- ▶ Change in their residential status on return to India for permanent settlement;
- ▶ Particulars of the Bank Account maintained with a bank in India, if not furnished earlier;
- ▶ E-mail ID and Fax No.(s), if any; and
- ▶ RBI Permission number with date to facilitate prompt credit of dividend in their Bank Accounts.

Share Transfer / Dematerialization

- (a) Share transfer requests are acted upon in 15 days from the date of their receipt. In case no response is received from the Company within 20 days of lodgement of transfer request, the lodger may write to the RTA of the Company with full details so that necessary action could be taken to safeguard interest of the concerned against any possible loss/ interception during postal transit.
- (b) Dematerialization requests duly complete in all respects are normally processed within 7 days from the date of their receipt at Registered Office.
- (c) Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the Share Certificates for consolidating their holdings in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.

BOARD'S REPORT

Dear Shareholders,

The Board of Directors of HGI Industries Limited (the "Company") are pleased to present the 74th Annual Report along with the Audited Financial Statement of your Company for the Financial Year ended 31st March, 2018.

Financial Performance

Your Company has prepared Financial Statements in accordance with the Companies (Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013. The Company has adopted the Indian Accounting Standards (Ind AS) from 1st April, 2017 with a transition date of 1st April, 2016. The summarized financial highlights of your Company are as under:

(₹ in thousands)

Particulars	2017-18	2016-17*
Total Income	1,460	1,848
Less: Expenditure	1,636	1,657
Earning before Finance Cost, Tax & Depreciation	(176)	191
Less: Finance Cost	–	–
Profit before Depreciation	(176)	191
Less : Depreciation	16	16
Profit / (Loss) before Taxation	(192)	175
Less : Tax Expenses	–	–
Profit / (Loss) after Taxation	(192)	175
Balance as per last Financial Statements	(1,95,641)	(1,95,816)
Add : Transfer from OCI Reserve	9,104	–
Net Deficit in the Statement of Profit & Loss	(1,86,729)	(1,95,641)
Earning per Equity Share - Basic and Diluted	(0.05)	0.05

*previous year figures have been regrouped/rearranged wherever necessary.

Operations and Overall Performance

The total income of the Company during Financial Year 2017-18 is ₹ 14.60 Lakhs as against ₹ 18.48 Lakhs in the previous year. The profit after tax is ₹ (1.92) Lakhs as against ₹ 1.75 Lakhs in the previous year.

Future Prospects

Your Company is looking for viable business opportunities to be pursued in future.

Dividend

In view of accumulated losses, your Directors do not recommend any dividend for the Financial Year 2017-18.

Reserves

Your Directors do not propose to transfer any amount to General Reserve.

Share Capital

During the year, the Company has not made any allotment of Equity Shares. Consequently, there was no change in the issued, subscribed and paid up share capital of your Company as on 31st March, 2018, from the previous year.

BOARD'S REPORT

Board of Directors

The composition of Board of Directors is as under:

S. No.	Name	Category
1.	Mr. Jyoti Prakash Kanoria	Independent Director
2.	Mr. Yashwant Kumar Daga	Independent Director
3.	Mr. Arvind Kumar Newar	Non – Executive Director
4.	Mr. Ravindra Kastia	Independent Director
5.	Mrs. Neha Agrawal	Independent Director

During the year, 4 (Four) number of Board Meetings were held on 26th May, 2017, 8th August, 2017, 9th November, 2017 and 7th February, 2018 respectively.

Committees of Board

The composition of the Committees of the Board is as under:

a. Audit Committee

Pursuant to Section 177 of the Companies Act, 2013, the Audit Committee of the Board of Directors comprises of the following Members:

S. No.	Name	Chairman/ Member
1.	Mr. Jyoti Prakash Kanoria	Chairman
2.	Mr. Yashwant Kumar Daga	Member
3.	Mr. Arvind Kumar Newar	Member
4.	Mr. Ravindra Kastia	Member

During the year, the Audit Committee reviewed the unaudited quarterly financial results and also recommended the Financial Statements for the Financial Year 2017-18 for approval of the Board. The Committee also reviewed/approved all the matters which come within the terms of its reference in accordance with the provisions of the Companies Act, 2013, from time to time. All the recommendations made by the Committee during the year were accepted by the Board.

During the year, 4 (Four) number of Committee Meetings were held on 26th May, 2017, 8th August, 2017, 9th November, 2017 and 7th February, 2018 respectively.

● Vigil Mechanism/Whistle Blower

In compliance with the provision of Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014 and SEBI (LODR), your Company has established a robust Vigil Mechanism for reporting of concerns through the Whistle Blower Policy. The policy provides for framework and process, for the employees and directors to voice genuine concerns or grievances about unprofessional conduct without fear of reprisal. Adequate safeguards have been provided against victimization to those who avail of the mechanism and access to the Chairman of the Audit Committee is provided to them in exceptional cases. The details of such policy is also available at the website of the Company, viz., www.hgiil.com. During the year, no complaint was received/reported under the Vigil Mechanism/Whistle Blower Policy.

b. Nomination & Remuneration Committee

Pursuant to Section 178 of the Companies Act, 2013, the Nomination & Remuneration Committee of the Board of Directors comprises of the following Members:

S. No.	Name	Chairman/ Member
1.	Mr. Jyoti Prakash Kanoria	Chairman
2.	Mr. Yashwant Kumar Daga	Member
3.	Mr. Arvind Kumar Newar	Member
4.	Mr. Ravindra Kastia	Member

BOARD'S REPORT

The role of Nomination & Remuneration Committee is to formulate the criteria for determining qualifications, positive attributes and independence of a Director, remuneration for the Directors, Key Managerial Personnel and Senior Management as defined under the Act (one level below the KMP) in accordance with the policy.

During the year, the Committee met once on 26th May, 2017.

Company's Policy on Appointment and Remuneration

The Company has adopted the Nomination & Remuneration Committee Charter and Executive Remuneration Philosophy/Policy of "Nomination & Remuneration Committee" (Committee). The prime responsibility of the Committee is to identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance, Board and its Committee thereof. The Committee has also formulated a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

c. Stakeholders Relationship Committee

Pursuant to Section 178 of the Companies Act, 2013, the Stakeholders Relationship Committee of the Board of Directors comprises of the following Members:

S. No.	Name	Chairman/ Member
1.	Mr. Jyoti Prakash Kanoria	Chairman
2.	Mr. Yashwant Kumar Daga	Member
3.	Mr. Arvind Kumar Newar	Member
4.	Mr. Ravindra Kastia	Member

The role of Stakeholders Relationship Committee is to resolve the grievances of shareholders of the Company.

During the year, 4 (Four) number of Committee Meetings were held on 26th May, 2017, 8th August, 2017, 9th November, 2017 and 7th February, 2018 respectively.

Directors & Key Managerial Personnel

Re-appointment:

In accordance with the provisions of the Companies Act, 2013, Mr. Arvind Kumar Newar (DIN 00469492), Non-Executive Director, retires from office by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

The Directors of your Company recommend his re-appointment at the ensuing Annual General Meeting.

Resignation:

During the year, Mr. Shubhradip Bose, has rendered his resignation from the post of Company Secretary and Compliance Officer and he is not associated with the Company after 31st March, 2018.

Appointment:

The Board of Directors, have appointed Mr. Rakesh Sharma, a qualified member of The Institute of Company Secretaries of India as Company Secretary and Compliance Officer of the Company w.e.f. 23rd May, 2018.

In terms of the provisions of Section 203 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Hukam Chand Daga, Chief Executive Officer, Mr. Kamal Kishor Agarwal, Chief Financial Officer and Mr. Shubhradip Bose, Company Secretary are the Key Managerial Personnel of the Company during the year under review.

Directors' Responsibility Statement

Your Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of the annual accounts for the year ended 31st March, 2018 and confirm that:

BOARD'S REPORT

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) the Directors had 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 profit and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Annual Evaluation of the Board of Directors

The Board had earlier adopted an evaluation framework on the recommendation of the Nomination & Remuneration Committee for evaluating its own performance and as well as that of its Committees and Individual Directors. Such performance evaluation process was formulated in consultation with the Nomination & Remuneration Committee and approved by your Board. The performance evaluation, thus, included the following:

- i. Board Assessment;
- ii. Assessment of each of the Committees constituted by the Board;
- iii. Self-assessment by each Director;
- iv. Peer Assessment by each Director.

Your Directors were circulated with performance evaluation sheets containing various parameters with a rating scale to communicate the same to the Board of Directors and to the respective Committees of the Board. The outcome of such performance evaluation was discussed and based on the above evaluation, it was decided to continue the terms of the appointed Independent Directors and also to seek approval of the shareholders at the forthcoming Annual General Meeting for the Director(s) retiring by rotation.

Declaration by Independent Directors

Mr. Jyoti Prakash Kanoria, Mr. Yashwant Kumar Daga, Mr. Ravindra Kastia and Mrs. Neha Agrawal are Independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they meet the criteria of independence as laid down and fulfil the conditions specified in Section 149(6) of the Companies Act and the Rules made thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Statutory Auditors, their Report and Notes to Financial Statements

In the Annual General Meeting (AGM) held on 25th September, 2014, M/s. Salarpuria, Jajodia & Co., Chartered Accountants were appointed as Statutory Auditors of the Company for a period of 5 (Five) consecutive Financial Years, from FY 2014-15 to FY 2018-19 i.e. (upto the conclusion of the 75th AGM). Your Company has received a letter from Statutory Auditors under Section 139(1) of the Companies Act, 2013, (the Act) that they are not disqualified for reappointment within the meaning of Section 141 of the said Act.

Further, the report of the Statutory Auditors along with notes to Financial Statement are enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments from the Board u/s 134 (3) (f) of the Act. The Auditors' Report does not contain any qualification, reservation or adverse remark.

BOARD'S REPORT

Secretarial Audit

In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, M/s. K. Arun & Co., Practicing Company Secretaries have been appointed as a Secretarial Auditors of the Company. The report of the Secretarial Auditors is self-explanatory and do not call for any further comments and is annexed to this report as **Annexure – 1**.

Related Party Transactions

During the year, the Company had not entered into any transactions as enumerated in Section 188 of the Companies Act, 2013 (the Act) and Rules made thereunder with its related party as defined in Section 2(76) of the Act.

Loans/Guarantees or Investments

During the year, the Company has not given any loan or provided any guarantee or made any investment in any body corporate.

Human Resources

Your Company treats its “human resources” as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. Your Company's thrust is on the promotion of talent internally through job enlargement and individual development.

Risk Management

Your Directors periodically reviewed and identified the element of risk, if any, which may threaten the existence of the Company. During the year Company had no operations and no operational risk was existed. Further, during the year there was no risk existed which may threaten the existence of the Company.

Internal Financial Controls

During the year the Company had adequate Internal Financial Controls over financial reporting commensurate with the size and nature of its business and the same was operating effectively.

Public Deposits

Your Company has not accepted any deposits from public in terms of Section 73 and/or Section 74 of the Companies Act, 2013 during the year under review.

Significant and Material Orders Passed by the Regulators

During the year, no significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status of the Company.

Disclosure on remuneration of Directors and Key Managerial Personnel (KMP)

Pursuant to the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 the remuneration of Key Managerial Personnel of the Company is as under:

Remuneration of Key Managerial Personnel (KMP)

Name of the KMP	Designation	Remuneration in FY 2017-18 (in ₹)	Remuneration in FY 2016-17 (in ₹)	% increase of remuneration in 2018 as compared to 2017
Kamal Kishor Agarwal	Chief Financial Officer	1,20,000 p.a	1,20,000 p.a	-
Shubhradip Bose	Company Secretary & Compliance Officer	7,71,282 p.a	6,55,131 p.a	17.73

Includes variable pay and Leave Travel Allowances, etc.

BOARD'S REPORT

Your Company aims to provide competitive remuneration opportunities to the executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. The Median Remuneration of Employees (MRE) cannot be computed as there were only two employees on the rolls of the Company during Financial Year 2017-18. During the year, there was no remuneration paid to employee other than managerial personnel. Further, no remuneration was paid to any Directors except sitting fees for attending Board and Committee meetings.

It is hereby affirmed that the remuneration paid to KMPs, during the Financial Year ended 31st March, 2018 were as per the Nomination & Remuneration Committee Charter and Executive Remuneration Philosophy/Policy of the Company.

A Statement containing the information of top ten employees in terms of remuneration drawn as required under Section 197 (12) read with Rules 5(2) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel), Rules, 2014 and subsequent amendments thereto is annexed to this report as **Annexure 2**.

Further, there was no employee who was in receipt of remuneration in excess of limits prescribed in the said rules.

Extract of Annual Return

Pursuant to Section 134 (3)(a) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return is annexed as **Annexure 3**.

Corporate Governance

Corporate Governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long-term wealth and create value for all its stakeholders.

We, at HGI Industries Limited, are committed to the adoption of best governance practices and its adherence in true spirit, at all times. Our governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in our value system.

As the requirement under Regulation 34 of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015, regarding disclosures pertaining to attaching "Report on Corporate Governance" as an addition to Boards' Report is not applicable on the Company, hence, the same is not annexed hereto.

Corporate Social Responsibility

The requirement as per Section 135 of the Companies Act, read with relevant Rules, disclosures to include an annual report on CSR activities containing the particulars specified in the Rules are not attached hereto as the same is not applicable to the Company.

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

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review.

Further during the year under review, there was no foreign exchange earning and outgo.

Other Disclosures

- i. There were no material changes and commitments affecting the financial positions of your Company between the end of the financial year and the date of this report
- ii. During the year under review, Company has complied with all the provisions of Secretarial Standards issued by The Institute of Company Secretaries of India.

BOARD'S REPORT

Acknowledgement

Your Directors placed on record their appreciation for the employees of the Company.

Your Directors also thank the vendors, bankers, shareholders and advisers of the Company for their continued support.

Your Directors also thank the Central and State Governments, and other statutory authorities for their continued support.

For and on behalf of the Board

Place : Kolkata
Date : 23rd May, 2018

Jyoti Prakash Kanoria
Director
00225761

Yashwant Kumar Daga
Director
00040632

BOARD'S REPORT

Annexure 1

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DAY OF MARCH, 2018

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

To,
The Members,
HGI Industries Limited
10, Camac Street, Kolkata -700017

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HGI Industries Limited (hereinafter called "the Company"). The 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 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, 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 31st March, 2018 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 the Company for the financial year ended 31st March, 2018 according to the provisions of:

- I. The Companies Act, 2013(the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. The following Regulations (as amended from time to time) and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
 - (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, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- V. We in consultation with the Company came to a conclusion that no specific laws were directly applicable with regard to business activities of the Company during the period under review.

We have also examined the compliance by the company of the following statutory provisions/standards/regulations:

- a. The Listing Agreements entered into by the Company, with The Calcutta Stock Exchange Limited.
- b. The Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- c. The Secretarial Standards (SS - 1 and SS – 2) issued by the Institute of Company Secretaries of India.

We further report that:

The Board of Directors of the Company **is duly constituted with proper balance of Executive Director, Non-Executive Directors, Independent Directors and a Woman Director.** There has been no change in the composition of the Board of Directors during the period under review.

BOARD'S REPORT

Adequate Notice is given to all Directors to schedule the Board Meetings and to all the members to schedule the Committee Meetings. Agenda and detailed Notes on Agenda were sent at least seven days 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.

We further report that 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 as also represented by the management.

We further report that during the audit period the Company has not undertaken any such transactions which have a major effect on the affairs of the company.

Place: Kolkata
Date: 23.05.2018

K. Arun & Co
Company Secretaries
Arun Kumar Khandelia
Partner
C.P. No.: 2270

BOARD'S REPORT

Annexure - 2

HGI Industries Limited

Registered Office: Industry House, 18th Floor, 10, Camac Street, Kolkata -700 017

INFORMATION U/S 197(12) OF THE COMPANIES ACT, 2013, READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2018

S. NO.	Name	Designation	Remuneration (₹)	Date of Birth (DD-MM-YYYY)	Qualifications	Age (Years)	Nature of employment whether contractual or otherwise	Experience (Years)	No. of equity shares, if any, held in the Company	Date of Commencement [DD/MM/YYYY]	Details of Previous Employment	
											Name of Employer	Designation
I. Top 10 employees in terms of remuneration drawn during the year.												
1	Shubhrajit Bose	Company Secretary & Compliance Officer	7,71,282	04/02/1988	B.Com (H), ACS	30	Full Time	6	NIL	10.02.2014	NA	NA
2	Kamal Kishor Aganwal	Chief Financial Officer	1,20,000	02/04/1951	B.Com	67	Full Time	41	NIL	09.02.2016	Essei Mining & Industries Limited	Deputy Manager

For and on behalf of the Board

Place : Kolkata
Date : 23rd May, 2018

Jyoti Prakash Kanoria
Director
00225761

Yashwant Kumar Daga
Director
00040632

BOARD'S REPORT**Annexure 3**

Form No. MGT-9

EXTRACT OF ANNUAL RETURNas on the financial year ended on 31st March, 2018

of

HGI Industries Limited

[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:

CIN	L40200WB1944PLC011754
Registration Date	14/06/1944
Name of the Company	HGI Industries Limited
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered Office and contact details	Industry House, 18th Floor, 10, Camac Street, Kolkata – 700 017. Contact Details:-rakesh.m.sharma@adityabirla.com
Whether listed company	Yes
Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	MCS Share Transfer Agent Limited 12/1/5, Manoharpukur Road, Kolkata – 700 026 Ph : (033) 4072-4051/53 Fax : (033) 4072-4054 Email: mcsstal@rediffmail.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:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
N.A.			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
N.A.					

BOARD'S REPORT

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	146104	0	146104	3.8574	146104	0	146104	3.8574	-
(b) Central Govt	0	0	0	0	0	0	0	0	-
(c) State Govt (s)	0	0	0	0	0	0	0	0	-
(d) Bodies Corp.	505626	0	505626	13.3493	505626	0	505626	13.3493	-
(e) Banks / FI	0	0	0	0	0	0	0	0	-
(f) Any Other....	0	0	0	0	0	0	0	0	-
Sub-total (A) (1):-	651730	0	651730	17.2067	651730	0	651730	17.2067	-
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	-
(b) Other – Individuals	0	0	0	0	0	0	0	0	-
(c) Bodies Corp.	0	0	0	0	0	0	0	0	-
(d) Banks / FI	0	0	0	0	0	0	0	0	-
(e) Any Other....	0	0	0	0	0	0	0	0	-
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	651730	0	651730	17.2067	651730	0	651730	17.2067	-
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	216269	0	216269	5.7098	216269	0	216269	5.7098	-
(b) Banks / FI	24	979	1003	0.0265	24	979	1003	0.0265	-
(c) Central Govt	0	0	0	0	0	0	0	0	-
(d) State Govt(s)	0	0	0	0	0	0	0	0	-
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	-
(f) Insurance Companies	1375467	0	1375467	36.3145	1375467	0	1375467	36.3145	-
(g) FIs	0	0	0	0	0	0	0	0	-
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	-
(i) Others (specify)	0	0	0	0	0	0	0	0	-
Sub-total (B)(1):-	1591760	979	1592739	42.0508	1591760	979	1592739	42.0508	-
2. Non-Institutions									
(a) Bodies Corp.									
(i) Indian	417786	512507	930293	24.5611	417486	509307	926793	24.4687	0.0924
(ii) Overseas	0	0	0	0	0	0	0	0	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	252338	253617	505955	13.358	255591	253864	509455	13.4504	-0.0924
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	98784	0	98784	2.6081	98784	0	98784	2.6081	-

BOARD'S REPORT

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c) Others (specify)									
i) Trust & Foundations	2392	0	2392	0.0632	2392	0	2392	0.0632	-
ii) Non-Resident Individuals	5650	112	5762	0.1521	5650	112	5762	0.1521	-
Sub-total (B)(2):-	776950	766236	1543186	40.7425	779903	763283	1543186	40.7425	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	2368710	767215	3135925	82.7933	2371663	764262	3135925	82.7933	-
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	-
Grand Total (A+B+C)	3020440	767215	3787655	100	3023393	764262	3787655	100	-

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% 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.	TGS Investment & Trade Private Limited	422322	11.15	0	422322	11.15	0	NIL
2.	Umang Commercial Company Pvt. Limited	83304	2.1994	0	83304	2.1994	0	NIL
3.	Kumar Mangalam Birla	69000	1.8217	0	69000	1.8217	0	NIL
4.	Rajashree Birla	63604	1.6792	0	63604	1.6792	0	NIL
5.	Neerja Birla	13500	0.3564	0	13500	0.3564	0	NIL

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

During the year, no changes took place in the Promoters' Shareholding.

BOARD'S REPORT

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 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
	At the beginning of the year				
1.	Life Insurance Corporation of India	957896	25.28	957896	25.28
2.	Kesoram Industries Limited	496100	13.09	496100	13.09
3.	Administrator of the specified undertaking of the Unit Trust of India	216269	5.70	216269	5.70
4.	General Insurance Corporation of India	147331	3.88	147331	3.88
5.	National Insurance Company Limited	128026	3.38	128026	3.38
6.	Bharat Arogya and Gyan Mandir	127627	3.36	127627	3.36
7.	Jayantika Investment & Finance Ltd. (Formerly known as Parvati Tea Company Pvt. Ltd.)	86200	2.27	86200	2.27
8.	The Oriental Insurance Company Limited	85279	2.25	85279	2.25
9.	Padmavati Investment Ltd.	68299	1.80	68299	1.80
10.	United India Insurance Company Ltd.	56935	1.50	56935	1.50
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if Separated during the year.	No Change	No Change	No Change	No Change

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	For Each of the Directors and Key Management Personal	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
	At the beginning of the year				
1.	Mr. Jyoti Prakash Kanoria	720	0.01	720	0.01
2.	Mr. Arvind Kumar Newar	500	0.013	500	0.013
3.	Mr. Yashwant Kumar Daga	6100	0.16	6100	0.16
4.	Mr. Ravindra Kastia	100	0.002	100	0.002
5.	Mr. Hukam Chand Daga	200	0.005	200	0.005
	Date wise increase/decrease during the with reason of such change				
1.	Mr. Jyoti Prakash Kanoria	Nil	Nil	Nil	Nil
2.	Mr. Arvind Kumar Newar	Nil	Nil	Nil	Nil
3.	Mr. Yashwant Kumar Daga (Transfer dated 20.10.2017)	3200	0.08	3200	0.08
4.	Mr. Ravindra Kastia	Nil	Nil	Nil	Nil
5.	Mr. Hukam Chand Daga	Nil	Nil	Nil	Nil

BOARD'S REPORT

S. No.	For Each of the Directors and Key Management Personal	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
	At the beginning of the year				
1.	Mr. Jyoti Prakash Kanoria	720	0.01	720	0.01
2.	Mr. Arvind Kumar Newar	500	0.013	500	0.013
3.	Mr. Yashwant Kumar Daga	9300	0.24	9300	0.24
4.	Mr. Ravindra Kastia	100	0.002	100	0.002
5.	Mr. Hukam Chand Daga	200	0.005	200	0.005

V. Indebtedness

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year	NIL	NIL	NIL	NIL
• Addition				
• Reduction				
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Director:

The Directors of the Company are not paid any remuneration or Commissions. Further, a sum of ₹ 2,000/- is paid to all Directors for attending every Board and Committee Meetings.

S. No.	Particulars of Remuneration	Name of Directors				
		Jyoti Prakash Kanoria	Yashwant Kumar Daga	Ravindra Kastia	Neha Agrawal	Arvind Kumar Newar
1.	Independent Directors					
	<ul style="list-style-type: none"> • Fees for attending Board / Committee meetings • Commission • Others, please specify 	26,000	26,000	14,000	6,000	–
2.	Other Non-Executive Directors					
	<ul style="list-style-type: none"> • Fees for attending Board / Committee meetings • Commission • Others, please specify 	–	–	–	–	6,000
Total		26,000	26,000	14,000	6,000	6,000

B. Remuneration to Key Managerial Personnel other than Director

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Kamal Kishore Agarwal Chief Financial Officer (Amount in ₹)	Subhradip Bose Company Secretary (Amount in ₹)	Total (Amount in ₹)
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,20,000	7,41,063	8,61,063
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	531	531
	(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 (Company PF)		29,688	29,688
Total		1,20,000	7,71,282	8,91,282

VII. Penalties / Punishment/ Compounding of offences:

There were no penalties / punishment / compounding of offences imposed by any regulatory authority for the Financial Year ended 31st March, 2018.

For and on behalf of the Board

Place : Kolkata
Date : 23rd May, 2018

Jyoti Prakash Kanoria
Director
00225761

Yashwant Kumar Daga
Director
00040632

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HGI INDUSTRIES LIMITED

REPORT ON THE INDIAN ACCOUNTING STANDARD (IND AS) FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of **HGI INDUSTRIES LIMITED ('the Company')**, which comprise the Balance Sheet as at 31st March 2018, 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 significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standard) Rules, 2015 (as amended) 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act and the rules made thereunder, including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable

authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018 and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

OTHER MATTER

The corresponding financial information of the Company as at and for the year ended March 31st, 2017 and the transition date opening balance sheet as at April 1st, 2016 included in these Ind AS financial statements, are based on the previously issued financial statements for the years ended March 31st, 2017 and March 31st, 2016, prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion. These financial statements have been adjusted for differences in accounting principles to comply with Ind AS and such adjustments on transition to Ind AS which has been approved by the Company's Board of Directors have been audited by us.

Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A' a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the cash flow statement and the Statement of changes in Equity dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
 - e. on the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B'; and
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigation as at 31st March, 2018 on its financial position in its Ind AS financial statement - Refer Note No. 21 to the Ind AS financial statements;
 - ii. the Company did not have any long term contracts including derivative;
 - iii. there were no amount which was required to be transferred to the Investor Education and Protection Fund by the company.

For Salarpuria Jajodia & Co.

Chartered Accountants

Firm ICAI Reg. No. 302111E

Siddharth Jhajharia

a Partner

Place: Kolkata

Date: 23rd May, 2018

Membership No.58419

ANNEXURE – A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31st March 2018, we report that:

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As per the information and explanations given to us, fixed assets have been physically verified by the Management at reasonable intervals, in our opinion, is reasonable having regard to size of the Company and nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. Since there is no inventory so clause (ii) of the said order is not applicable.
- iii. According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence, comments on sub-clause (a) to (c) of clause 3(iii) the said orders do not arise.
- iv. According to the information and explanations given to us, the Company has not given any loans, investments, guarantees, and security and has not invested in any other body corporate, hence the comment on the said clause of the order is not applicable.
- v. According to the information and explanations given to us, there is no such deposits, taken by the company, for which directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, are required.
- vi. According to the information and explanations given to us, maintenance of cost records under sub section 148(i) of Companies Act, 2013 is not required.
- vii.a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues to the appropriate authorities and there were no outstanding statutory dues as at 31st March, 2018 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given

to us, the details of disputed statutory dues, against which ₹ 3 Lacs has been deposited, is given below:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Related Year	Forum (where it is pending)
Maharashtra Sales Tax	Sales Tax	6.37	1990-1991	Deputy Commissioner of Sales Tax

- viii. According to the records of the Company examined by us and the information and explanations provided to us, the Company has not defaulted in repayment of loans or borrowings to a Financial Institutions or Banks or dues to debenture holders.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or Term Loan during the year. Hence the clause 3(ix) of the order is not applicable.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by Officer or Employees has been noticed or reported during the course of our audit.
- xi. Managerial remuneration has not been paid by the company during the year. Hence, clause(xi) of the said order is not applicable.
- xii. The Company is not a Nidhi Company as specified in the Nidhi Rules, 2014. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. The Company has not entered into any transaction with its related party during the year. Hence, clause (xiii) of the said order is not applicable.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable to the Company.
- xv. 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. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Salarpuria Jajodia & Co.
Chartered Accountants
Firm ICAI Reg. No. 302111E
Siddharth Jhajharia

Place: Kolkata
Date: 23rd May, 2018

a Partner

Membership No. 58419

ANNEXURE – B TO THE INDEPENDENT AUDITORS' REPORT

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

(Referred to Paragraph 2(f) report on other legal and regulatory requirements of our report of even date to the members of HGI Industries Limited for the year ended 31st March, 2018).

We have audited the internal financial controls over financial reporting of **HGI INDUSTRIES LIMITED (“the Company”)** as of 31st March, 2018 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 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.

AUDITOR’S 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 Ind AS 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 Ind AS 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.

ANNEXURE – B TO THE INDEPENDENT AUDITORS' REPORT

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 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Salarpuria Jajodia & Co.

Chartered Accountants

Firm ICAI Reg. No. 302111E

Siddharth Jhajharia

a Partner

Place: Kolkata

Date: 23rd May, 2018

Membership No. 58419

BALANCE SHEET AS AT 31ST MARCH, 2018

		(₹ in Thousands)		
	Notes	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
I. ASSETS				
1) Non-Current Assets				
a) Property, Plant and Equipment	3	617	633	649
b) Financial Assets				
i) Investments	4	96,512	1,06,915	92,480
ii) Other Financial Assets	5	399	399	399
c) Other Assets	6	78	78	78
		<u>97,606</u>	<u>1,08,025</u>	<u>93,606</u>
2) Current Assets				
a) Financial Assets				
i) Cash and Cash Equivalents	7	15,729	6,774	6,676
ii) Other Financial Assets	8	223	149	175
b) Current Tax Assets (Net)	9	562	416	272
c) Other Assets	10	49	377	104
		<u>16,563</u>	<u>7,716</u>	<u>7,227</u>
Total Assets		<u>1,14,169</u>	<u>1,15,741</u>	<u>1,00,833</u>
II. EQUITY AND LIABILITIES				
1) Equity				
a) Equity Share Capital	11	37,877	37,877	37,877
b) Other Equity	12	54,748	54,093	42,455
Total Equity		<u>92,625</u>	<u>91,970</u>	<u>80,332</u>
2) Liabilities				
i) Non-Current Liabilities				
Deferred Tax Liability (Net)	13	19,841	21,967	18,995
		<u>19,841</u>	<u>21,967</u>	<u>18,995</u>
ii) Current Liabilities				
a) Financial Liabilities				
-Trade Payables	14			
Total outstanding dues of micro enterprises and small enterprises		-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		590	685	396
b) Provisions	15	-	12	7
c) Other Liabilities	16	1,113	1,107	1,103
		<u>1,703</u>	<u>1,804</u>	<u>1,506</u>
Total Liabilities		<u>21,544</u>	<u>23,771</u>	<u>20,501</u>
Total Equity and Liabilities		<u>1,14,169</u>	<u>1,15,741</u>	<u>1,00,833</u>
Significant Accounting Policies	2			

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For Salarpuria Jajodia & Co.
Firm Registration Number: 302111E
Chartered Accountants
Siddharth Jhajharia
a Partner

Membership No.58419
Dated: 23rd May, 2018

Jyoti Prakash Kanoria
Director
DIN:00225761

Kamal Kishor Agarwal
Chief Financial Officer

Yashwant Kumar Daga
Director
DIN:00040632

Rakesh Sharma
Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

		(₹ in Thousands)	
	<u>Notes</u>	<u>2017-18</u>	<u>2016-17</u>
I Revenue from Operations (Gross)		-	-
II Other Income	17	1,460	1,848
III Total Revenue (I+II)		<u>1,460</u>	<u>1,848</u>
IV EXPENSES			
Employee Benefit Expenses	18	868	801
Depreciation & Amortisation Expenses	3	16	16
Other Expenses	19	768	856
Total Expenses		<u>1,652</u>	<u>1,673</u>
V Profit / (Loss) Before Tax V= (III-IV)		(192)	175
VI Tax Expense		-	-
VII Profit / (Loss) for the year (V-VI)		<u>(192)</u>	<u>175</u>
VIII Other Comprehensive Income (OCI)			
Other Comprehensive Income not to be reclassified to profit/loss in subsequent periods -			
Net Gain / (Loss) on FVTOCI Investments		(1,279)	14,434
Income Tax Effect on above		2,126	(2,971)
Other Comprehensive Income for the year, net of tax - (VIII)		<u>847</u>	<u>11,463</u>
Total Comprehensive Income for the year - [(VII) + (VIII)]		<u>655</u>	<u>11,638</u>
Earning per Equity Share (nominal value of Share ₹10/-each)			
- Basic and diluted (in ₹)	20	(0.05)	0.05
Significant Accounting Policies	2		

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For Salarpuria Jajodia & Co.
Firm Registration Number: 302111E
Chartered Accountants

Siddharth Jhajharia
a Partner

Membership No.58419
Dated: 23rd May, 2018

Jyoti Prakash Kanoria
Director
DIN:00225761

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Chief Financial Officer

Yashwant Kumar Daga
Director
DIN:00040632

Rakesh Sharma
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

Accounting Policy

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

Amendment to Ind AS 7

Effective 1st April, 2017, the Company adopted the amendment to Ind AS 7, which require 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.

	(₹ in Thousands)	
	2017-18	2016-17
(A) Cash Flow from Operating Activities:		
Profit before tax	(192)	175
Add: Adjustments for :		
Depreciation	16	16
Interest Income	(536)	(516)
	<u>(520)</u>	<u>(500)</u>
Operating Profit before Working Capital changes	<u>(712)</u>	<u>(325)</u>
Increase/(Decrease) in Trade Payables	(95)	289
Increase/(Decrease) in Other Current Liabilities	6	4
Increase/(Decrease) in Provisions	(12)	5
Decrease/(Increase) in Other Assets	328	(273)
	<u>227</u>	<u>25</u>
Cash Generation from / (Used in) operations	<u>(485)</u>	<u>(300)</u>
Direct Tax (Payments)/ Refunds	<u>(146)</u>	<u>(144)</u>
Net Cash From / (Used in) Operating Activities	<u><u>(631)</u></u>	<u><u>(444)</u></u>
(B) Cash Flow from Investing Activities:		
Sale/Redemption of Investments	9,124	-
Interest received	462	542
Fixed Deposits Matured	837	604
Fixed Deposits made during the year	(9,609)	(790)
Net Cash From / (Used in) Investing Activities	<u><u>814</u></u>	<u><u>356</u></u>
(C) Cash Flow from Financing Activities:		
Other Borrowing Costs	-	-
Net Cash From / (Used in) in Financing Activities	<u><u>-</u></u>	<u><u>-</u></u>
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	<u><u>183</u></u>	<u><u>(88)</u></u>
*Cash and Cash equivalents at the beginning of the year	<u>31</u>	<u>119</u>
*Cash and Cash equivalents at the end of the year	<u><u>214</u></u>	<u><u>31</u></u>

* Represents cash and bank balances as indicated in Note 7 and excludes ₹ 15,515 thousands (31st March, 2016: ₹ 6,743 thousands) being Fixed deposits.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

(₹ in Thousands)

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	<u>As at 31st March, 2018</u>	<u>As at 31st March, 2017</u>
Balances with Banks:		
- On Current Accounts	212	26
Cheques on hand	-	-
Cash on hand	<u>2</u>	<u>5</u>
	<u><u>214</u></u>	<u><u>31</u></u>

As per our report of even date
For Salarpuria Jajodia & Co.
Firm Registration Number: 302111E
Chartered Accountants

Siddharth Jhajharia
a Partner
Membership No.58419
Dated: 23rd May, 2018

Jyoti Prakash Kanoria
Director
DIN:00225761

Kamal Kishor Agarwal
Chief Financial Officer

Yashwant Kumar Daga
Director
DIN:00040632

Rakesh Sharma
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Thousand)

(A) Equity Share Capital

	<u>Number</u>	<u>Amount</u>
Equity Shares of ₹ 10/- each issued, subscribed and fully paid		
At 1 st April, 2016	37,87,655	37,877
Issued during the year 2016-17	-	-
At 31 st March, 2017	37,87,655	37,877
Issued during the year 2017-18	-	-
At 31st March, 2018	37,87,655	37,877

(B) Other Equity

Particulars	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings	Items of OCI Net Gain / (Loss) on FVTOCI Investments	Total
Balance as on 1 st April, 2016	30,922	1,200	1,32,759	(1,95,816)	73,390	42,455
Profit / (Loss) for the year	-	-	-	175	-	175
Net Gain / (Loss) on FVTOCI Investments	-	-	-	-	11,463	11,463
Balance as on 31 st March, 2017	30,922	1,200	1,32,759	(1,95,641)	84,853	54,093
Profit / (Loss) for the year	-	-	-	(192)	-	(192)
Net Gain / (Loss) on FVTOCI Investments	-	-	-	-	847	847
Transfer to Retained Earnings	-	-	-	9,104	(9,104)	-
Balance as on 31st March, 2018	30,922	1,200	1,32,759	(1,86,729)	76,596	54,748

As per our report of even date

For Salarpuria Jajodia & Co.

Firm Registration Number: 302111E

Chartered Accountants

Siddharth Jhajharia

a Partner

Membership No.58419

Dated: 23rd May, 2018

Jyoti Prakash Kanoria

Director

DIN:00225761

Kamal Kishor Agarwal

Chief Financial Officer

Yashwant Kumar Daga

Director

DIN:00040632

Rakesh Sharma

Company Secretary

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

1. Corporate Information

HGI Industries Limited (the Company) having CIN No.-L40200WB1944PLC011754 and its registered office at Industry House, 18th Floor, 10, Camac Street, Kolkata-700017, India, is a Public Limited Company incorporated and domiciled in India.

2.1. Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under The Companies (Indian Accounting Standards) Rules, 2015 (the Rules).

For all periods up to and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended 31st March, 2018 are the first the Company has prepared in accordance with Indian Accounting Standards (“Ind-AS”) consequent to the notification of the Rules issued by the MCA. Further, in accordance with the Rules, the Company has restated its Balance Sheet as at 1st April, 2016 and financial statements for the year ended and as at 31st March, 2017 also as per Ind-AS. For preparation of opening balance sheet under Ind-AS as at 1st April, 2016, the Company has availed exemptions and first time adoption policies in accordance with Ind-AS 101 “First-time Adoption of Indian Accounting Standards”, the details of which have been explained thereof in the “Footnotes to Reconciliation of Equity” (refer note 27B).

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which have been measured at fair value as described in accounting policies regarding financial instruments.

Estimates

The estimates at 1st April, 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies). Consequent to Company’s transition to Ind-AS as explained in Basis of Preparation paragraph above, following are accounted for the first time in these financial statements and hence estimates for these items are based on conditions existing on the respective Balance Sheet dates:

The Company has exercised the option to measure investment in equity instruments, not held for trading at FVTOCI in accordance with Ind AS 109. It has exercised this irrevocable option for its class of unquoted equity shares. The option renders the equity instruments elected to be measured at FVTOCI non recyclable to Statement of Profit & Loss.

The estimates used by the Company to present these amounts in accordance with Ind-AS reflect conditions at 1st April, 2016, the date of transition to Ind-AS and as of 31st March, 2017.

2.2. Summary of Significant Accounting Policies

i) Basis of classification of Current and non-current

Assets and liabilities in the Balance Sheet have been classified as either current or non-current based upon the requirements of Schedule III to the Companies Act, 2013.

An asset has been classified as current if (a) it is expected to be realized in, or is intended for sale or consumption in the Company’s normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

A liability has been classified as current when (a) it is expected to be settled in the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be settled within twelve months after the reporting date; or (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities have been classified as non-current.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has considered its operating cycle to be 12 months.

ii) Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

iii) Revenue Recognition

Revenue, if any, from sale of goods will be recognized upon passage of title to the customers which would generally coincide with delivery thereof. Claims, due to uncertainty in realization, are accounted for on acceptance/cash basis. Dividend income on investments is accounted for when the right to receive the payment is established. Interest income, if any, will be recognized on a time proportion basis taking into account the amount outstanding and rate applicable. Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between sale price, carrying value of Investment and other incidental expenses. Rental Income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

iv) Operating Leases

Company as Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit & Loss on a straight line basis over the leased term.

Company as Lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

v) Retirement Benefits and other employee benefits

- a) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when an employee renders the related service. There are no obligations other than the contributions payable to the respective trusts / funds.
- b) Short term Employee Benefits are recognised at the undiscounted amount as expense for the year in which the related service is rendered.

vi) Borrowing Costs

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

vii) Taxation

Provision for current Income Tax is made on the taxable income using the applicable tax rules and tax laws. Deferred Tax, if any, arising on account of timing difference and which are capable of reversal in one or more subsequent period is recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets, if any, subject to consideration of prudence are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

viii) Earnings Per Share

Earnings per share is calculated by dividing the net profit or loss before OCI for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss before OCI for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

ix) Property, plant and equipment

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet on cost. The Company has elected to regard those values as deemed cost at the date of transition.

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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

amount of the asset) is included in the income statement when the asset is derecognised.

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

x) Depreciation on Tangible Fixed Assets

a) Depreciation on Fixed Assets is provided on straight line method and manner specified in Schedule II of the Companies Act, 2013.

The Company has used the following useful lives to provide depreciation on its fixed assets.

Class of Asset	Useful Lives (years)
Building	60
Computers	3 to 6
Office Equipment	5

b) Depreciation on Fixed Assets added/disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal thereof.

xi) Impairment of non-financial assets

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

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

xii) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted at a current pre-tax rate that reflects 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.

xiii) 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

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

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

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

(a) Debt instruments at amortised cost

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss.

(b) Debt instruments, derivatives, equity instruments and mutual fund investments at fair value through profit or loss (FVTPL)

All derivatives and mutual fund investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit & Loss.

(c) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

For all equity instruments other than the ones classified as at FVTPL, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e.; removed from the balance sheet) when the rights to receive cash flows from the asset have expired.

Impairment of financial assets

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

(B) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, financial guarantee contract payables, or derivative instruments.

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.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

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

Offsetting of financial instruments

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

xiv) Cash and Cash equivalents

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

xv) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Thousands)

3. Property, Plant and Equipment

Particulars	Freehold Land	Buildings*	Office Equipments	Computer	Total
Cost or Valuation					
At 1 st April, 2016	125	509	2	13	649
Additions	-	-	-	-	-
Less: On Disposals	-	-	-	-	-
At 31 st March, 2017	125	509	2	13	649
Additions	-	-	-	-	-
Less: On Disposals	-	-	-	-	-
At 31st March, 2018	125	509	2	13	649
Depreciation					
At 1 st April, 2016	-	-	-	-	-
Charge for the year	-	16	-	-	16
Less: On Disposals	-	-	-	-	-
Add: Other Adjustments	-	-	-	-	-
At 31 st March, 2017	-	16	-	-	16
Charge for the year	-	16	-	-	16
Less: On Disposals	-	-	-	-	-
Add: Other Adjustments	-	-	-	-	-
At 31st March, 2018	-	32	-	-	32
Net Block					
At 1 st April, 2016	125	509	2	13	649
At 31 st March, 2017	125	493	2	13	633
At 31st March, 2018	125	477	2	13	617

* Includes cost of shares of ₹ 0.50 thousand (31st March, 2017: ₹ 0.50 thousand, 1st April, 2016: ₹ 0.50 thousand) in the Housing Co-operative Society.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

	Face Value ₹	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
(₹ in Thousands)				
4. Non Current Investment				
<u>Investments at fair value through OCI (FVTOCI)</u>				
NON TRADE INVESTMENTS				
<u>Unquoted:</u>				
<u>Equity Shares (Fully paid)</u>				
7000 (31 st March, 2017: 7000, 1 st April 2016 : 7000) Equity Shares of Birla Management Centre Services Ltd.	10	96,511	96,511	83,118
500 (31 st March, 2017: 500, 1 st April 2016 : 500) Equity Shares of Mohan Machines Ltd.	10	1	1	1
Nil (31 st March, 2017: 2000, 1 st April 2016 : 2000) Equity Shares of Aditya Birla Power Company Ltd.	10	–	10,403	9,361
		<u>96,512</u>	<u>1,06,915</u>	<u>92,480</u>
Aggregate Amount of Investments				
- Quoted		–	–	–
- Unquoted		96,512	1,06,915	92,480
		<u>96,512</u>	<u>1,06,915</u>	<u>92,480</u>
5. Other Non-current Financial Assets				
At Amortised Cost				
(Unsecured, considered good, unless stated otherwise)				
Trade and other Deposits		33	33	33
Deposits against demands under dispute		366	366	366
		<u>399</u>	<u>399</u>	<u>399</u>
6. Other Non-current Assets				
(Unsecured, considered good, unless stated otherwise)				
Advances recoverable in cash or in kind or for value to be received				
Considered good		78	78	78
Doubtful		–	–	–
		<u>78</u>	<u>78</u>	<u>78</u>
Less: Provision for Doubtful Advances		–	–	–
		<u>78</u>	<u>78</u>	<u>78</u>
7. Cash and Cash Equivalents				
Balances with Banks:				
- On Current Accounts		212	26	104
Cheques on hand		–	–	15
Cash on hand		2	5	–
		<u>214</u>	<u>31</u>	<u>119</u>
Other Bank Balances :				
Deposits with maturity for less than 3 months		1,984	1,858	1,921
Deposits with maturity for more than 3 months but less than 12 months		13,531	4,885	4,636
		<u>15,515</u>	<u>6,743</u>	<u>6,557</u>
		<u>15,729</u>	<u>6,774</u>	<u>6,676</u>

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

	(₹ in Thousands)		
	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
8. Other Current Financial Assets			
Interest Accrued on:			
- Fixed Deposits	223	149	175
	<u>223</u>	<u>149</u>	<u>175</u>
9. Current Tax Assets (Net)			
Advance Payment of Income Tax & Tax Deducted at Source [net of Provisions of ₹ Nil (31 st March, 2016: ₹ Nil, 1 st April, 2015: ₹ Nil)]	562	416	272
	<u>562</u>	<u>416</u>	<u>272</u>
10. Other Current Assets (Unsecured, considered good, unless stated otherwise)			
Advances recoverable in cash or in kind or for value to be received	44	372	100
Pre-paid Expenses	5	5	4
	<u>49</u>	<u>377</u>	<u>104</u>

	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
11. SHARE CAPITAL						
Authorised						
95,00,000 (31 st March, 2017: 95,00,000, 1 st April, 2016 : 95,00,000)	95,000		95,000		95,000	
Equity Shares of ₹ 10 each						
50,000 (31 st March, 2017: 50,000, 1 st April, 2016 : 50,000)	5,000	1,00,000	5,000	1,00,000	5,000	1,00,000
Preference Shares of ₹ 100 each						
Issued, Subscribed & Paid-up						
37,87,655 (31 st March, 2017: 37,87,655, 1 st April, 2016: 37,87,655) Equity Shares of ₹ 10 each fully paid up		37,877		37,877		37,877

a. Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	Number	₹ In Thousands	Number	₹ In Thousands	Number	₹ In Thousands
Equity Share						
At the beginning of the year	37,87,655	37,877	37,87,655	37,877	37,87,655	37,877
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	<u>37,87,655</u>	<u>37,877</u>	<u>37,87,655</u>	<u>37,877</u>	<u>37,87,655</u>	<u>37,877</u>

b. Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is 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 amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Thousands)

c. Details of shareholders holding more than 5% shares in the Company

	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class	Number of Shares	% holding in the class
Equity Share of ₹ 10 each fully paid						
Life Insurance Corporation of India	9,57,896	25.29	9,57,896	25.29	9,57,896	25.29
Kesoram Industries Limited	4,96,100	13.10	4,96,100	13.10	4,96,100	13.10
TGS Investment & Trade Private Limited	4,22,322	11.15	4,22,322	11.15	4,22,322	11.15
Administrator of The Specified Undertaking of the Unit Trust of India	2,16,269	5.71	2,16,269	5.71	2,16,269	5.71

As per records of the Company, the above shareholding represents legal ownership of shares.

12. OTHER EQUITY	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
i) Capital Reserve			
Balance as per last Financial Statements	30,922	30,922	30,922
ii) Capital Redemption Reserve			
Balance as per last Financial Statements	1,200	1,200	1,200
iii) Securities Premium Account			
Balance as per last Financial Statements	1,32,759	1,32,759	1,32,759
iv) Retained Earnings			
Balance as per last Financial Statements	(1,95,641)	(1,95,816)	(1,95,816)
Profit / (Loss) for the year	(192)	175	-
Add: Transfer from OCI Reserve	9,104	-	-
Net Surplus/(Deficit) in the statement of Profit & Loss	(1,86,729)	(1,95,641)	(1,95,816)
v) FVTOCI Reserve			
Balance as per last Financial Statements	84,853	73,390	73,390
Net Gain / (Loss) on FVTOCI Investments	847	11,463	-
Less: Transfer to Retained Earnings	(9,104)	-	-
	76,596	84,853	73,390
Total	54,748	54,093	42,455

13. Deferred Tax and Income Tax

Deferred Tax

Deferred Tax relates to the following:

Deferred Tax Liabilities

Unrealised gain on Fair valuation of FVTOCI investments	19,844	21,978	19,006
Gross Deferred Tax Liabilities	19,844	21,978	19,006

Deferred Tax Assets

Unrealised loss on Fair valuation of FVTOCI investments	3	11	11
Gross Deferred Tax Assets	3	11	11
Net Deferred Tax Liability	19,841	21,967	18,995

Income Tax

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2018 and 31st March, 2017:

	2017-18	2016-17
Accounting Profit before Income Tax	(192)	175
At India's statutory income tax rate of 25.75% (31 st March, 2017: 29.87%)	-	52
Utilisation of previously unrecognised tax losses	-	(52)
Total Tax Expense / (Income) recognised in the Statement of Profit & Loss	-	-

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

	(₹ in Thousands)		
	<u>As at 31st March, 2018</u>	<u>As at 31st March, 2017</u>	<u>As at 1st April, 2016</u>
Current Liabilities			
14. Current Trade Payables			
Total outstanding dues of micro enterprises and small enterprises (Refer Note 22)	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	590	685	396
	<u>590</u>	<u>685</u>	<u>396</u>
15. Provisions			
Provision for Leave Encashment	-	12	7
	<u>-</u>	<u>12</u>	<u>7</u>
16. Other Current Liabilities			
Statutory dues Payable	1,113	1,107	1,103
	<u>1,113</u>	<u>1,107</u>	<u>1,103</u>
		<u>2017-18</u>	<u>2016-17</u>
17. OTHER INCOME			
Rent		924	924
Interest income on :			
Fixed Deposits		536	516
Miscellaneous Income		-	408
		<u>1,460</u>	<u>1,848</u>
18. EMPLOYEE BENEFIT EXPENSES			
Salaries, Wages & Bonus		817	755
Contribution to Provident & other Funds (Including Administrative Charges)		36	27
Employees' Welfare Expenses		15	19
		<u>868</u>	<u>801</u>
19. OTHER EXPENSES			
Rates & Taxes		85	81
Repairs & Maintenance		124	-
Insurance		5	4
Subscription		85	69
Travelling & Conveyance		56	267
Telephone , Postage & Stamp		28	44
Printing & Stationery		46	50
Software Expenses		10	10
Payment to Auditors (Refer details below)		127	133
Legal & Professional Charges		62	73
Directors' Sitting Fees		91	85
Bank Charges		1	2
Miscellaneous Expenses		48	38
		<u>768</u>	<u>856</u>
Payment to Auditors:			
As Auditor:			
- Audit Fees		127	133
		<u>127</u>	<u>133</u>

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

		(₹ in Thousands)	
		<u>2017-18</u>	<u>2016-17</u>
20. EARNINGS PER SHARE (EPS)			
The following reflects profit & share data used in the Basic and Diluted EPS computation.			
Profit After Tax	₹ in Thousands	(192)	175
Weighted Average number of Equity Shares	Nos.	37,87,655	37,87,655
Nominal value of Equity Shares	₹	10	10
Basic & Diluted Earning Per Share	₹	(0.05)	0.05
21. Contingent Liabilities not provided for in respect of :			
	<u>As at 31st March, 2018</u>	<u>As at 31st March, 2017</u>	<u>As at 1st April, 2016</u>
a) Demands/claims by various Government authorities and others not acknowledged as debts and contested by the Company :			
i) Sales Tax	637	637	637
ii) Claims from ex- employees	3,608	3,608	3,608
iii) ESI Matters (Net of provision)	5,733	5,538	5,343
	<u>9,978</u>	<u>9,783</u>	<u>9,588</u>
Against the above , payment has been made under protest.	366	366	366
b) Unredeemed Bank Guarantees	838	838	838
22.	Based on the information/document available with the Company, no creditor is covered under Micro, Small and Medium Enterprises Development Act, 2006. As a result, no interest provisions/payments have been made by the Company to such creditors, if any, and no disclosures are made in these accounts.		
23.	The accumulated losses of the Company as at 31 st March, 2018 amounts to ₹ 186,729 thousands against shareholder's funds (total of Share Capital and Other Equity) of ₹ 279,354 thousands as on the said date. The Company is exploring various business opportunities for its operations and hence, these accounts have been prepared on a going concern basis. In case, the Company is unable to continue as a going concern in future, the resultant adjustments, if any, are presently not ascertainable.		
24.	In terms of Ind AS - 12 "Accounting for Taxes on Income", Deferred Tax Asset has not been recognised in respect of carry forward losses and depreciation in the accounts, in the absence of convincing evidence that sufficient taxable profits will be available in future against which the aforesaid deferred tax asset may be realised.		
25.	Since the company has currently no reportable business segment and the company operates in a single geographical segment, there are no additional disclosures to be provided under Ind AS 108 'Segment Reporting'.		

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Thousands)

26. Fair values

The following table provides fair value measurement hierarchy of the Company's financial assets and liabilities:

	Fair Value Measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Quantitative disclosures fair value measurement hierarchy for assets as at 31st March, 2018:			
Assets measured at Fair value			
Unquoted Equity Shares	–	–	96,512
Quantitative disclosures fair value measurement hierarchy for assets as at 31st March, 2017:			
Assets measured at Fair value			
Unquoted Equity Shares	–	–	1,06,915
Quantitative disclosures fair value measurement hierarchy for assets as at 1st April, 2016:			
Assets measured at Fair value			
Unquoted Equity Shares	–	–	92,480

The management assessed that cash and cash equivalents, security deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The method and assumption used to estimate the fair values of the unquoted equity shares is Net Asset Value (NAV).

27. First time adoption of Ind AS

These financial statements for the year ended 31st March, 2018 are the first, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March, 2018, together with the comparative period data as at and for the year ended 31st March, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April, 2016 and the financial statements as at and for the year ended 31st March, 2017.

A. Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemption:

1. The Company has elected to continue with the carrying value of Property, plant and equipment and Intangible assets as recognised in its Indian GAAP financial statement as deemed cost at the transition date, viz., 1st April, 2016.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

B Reconciliations:

(₹ in Thousands)

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

i. Equity as at 1st April, 2016 and 31st March, 2017

ii. Net Profit for the year ended 31st March, 2017

(i) Reconciliation of equity as previously reported under IGAAP to Ind AS

	Foot notes	As at 31 st March, 2017			As at 1 st April, 2016		
		Indian GAAP	Adjustment	Ind AS	Indian GAAP	Adjustment	Ind AS
Assets							
Non-Current Assets							
Property, Plant and Equipment		633	-	633	649	-	649
Financial Assets							
Investments	1	95	1,06,820	1,06,915	95	92,385	92,480
Other Financial Assets		399	-	399	399	-	399
Other Assets		78	-	78	78	-	78
		1,205	1,06,820	1,08,025	1,221	92,385	93,606
Current Assets							
Financial Assets							
Cash and Cash Equivalents		6,774	-	6,774	6,676	-	6,676
Other Financial Assets		149	-	149	175	-	175
Current Tax Assets (Net)		416	-	416	272	-	272
Other Assets		377	-	377	104	-	104
		7,716	-	7,716	7,227	-	7,227
Total Assets		8,921	1,06,820	1,15,741	8,448	92,385	1,00,833
Equity							
Equity Share Capital		37,877	-	37,877	37,877	-	37,877
Other Equity							
Securities Premium		1,32,759	-	1,32,759	1,32,759	-	1,32,759
Retained Earnings		(1,95,641)	-	(1,95,641)	(1,95,816)	-	(1,95,816)
FVTOCI Reserve	1	-	84,853	84,853	-	73,390	73,390
Capital Reserve		30,922	-	30,922	30,922	-	30,922
Capital Redemption Reserve		1,200	-	1,200	1,200	-	1,200
Total Equity		7,117	84,853	91,970	6,942	73,390	80,332
Non-Current Liabilities							
Deferred Tax Liability (Net)	2	-	21,967	21,967	-	18,995	18,995
		-	21,967	21,967	-	18,995	18,995
Current Liabilities							
Financial Liabilities							
Trade Payables		685	-	685	396	-	396
Provisions		12	-	12	7	-	7
Other Liabilities		1,107	-	1,107	1,103	-	1,103
		1,804	-	1,804	1,506	-	1,506
Total Liabilities		1,804	21,967	23,771	1,506	18,995	20,501
Total Equity and Liabilities		8,921	1,06,820	1,15,741	8,448	92,385	1,00,833

Note:

1. Investments at fair value through OCI (FVTOCI)

Under Indian GAAP the Company accounted for investments in unquoted equity shares as investments measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. At the date of transition to Ind AS and as on 31st March, 2017, difference between the instrument's fair value and Indian GAAP carrying amount has been recognised in OCI Reserves and other comprehensive income respectively.

2. Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in or a separate component of equity.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Thousands)

(ii) Reconciliation of Statement of Profit & Loss for the year ended 31st March, 2017

	Particulars	Foot note	Indian GAAP	Adjustments	Ind AS
I	Revenue from Operations (Gross)		-	-	-
II	Other Income		1,848	-	1,848
III	Total Revenue (I+II)		1,848	-	1,848
IV	EXPENSES				
	Employee Benefit Expenses		801	-	801
	Depreciation & Amortisation Expenses		16	-	16
	Other Expenses		856	-	856
	Total Expenses		1,673	-	1,673
V	Profit / (Loss) Before Tax (III-IV)		175	-	175
VI	Tax Expense		-	-	-
VII	Profit / (Loss) for the year (V-VI)		175	-	175
VIII	Other Comprehensive Income (OCI)				
	Other Comprehensive Income not to be reclassified to profit/loss in subsequent periods -				
	Net Gain / (Loss) on FVTOCI Investments	1	-	14,434	14,434
	Income Tax Effect on above		-	(2,971)	(2,971)
	Other Comprehensive Income for the year, net of tax - (VIII)		-	11,463	11,463
	Total Comprehensive Income for the year - [(VII) + (VIII)]		175	11,463	11,638

Note:

1. Investments at fair value through OCI (FVTOCI)

Under Indian GAAP the Company accounted for investments in unquoted equity shares as investments measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. At the date of transition to Ind AS and as on 31st March, 2017, difference between the instrument's fair value and Indian GAAP carrying amount has been recognised in OCI Reserves and other comprehensive income respectively.

28. Related Party Disclosures - Nil (As at and for the year ended 31st March, 2017- Nil, As at 1st April, 2016- Nil).

29. In case of assets given on lease:

Office premise at Mumbai is given on operating lease. The lease term is renewable from time to time mutually or at the option of the Company.

The rent is not based on any contingencies. There are no restrictions imposed by lease agreements. The leases are cancellable.

30. No provision is required in respect of gratuity since the period of service of the employee is less than five years.

31. Financial risk management objectives and policies

The Company's principal financial liabilities comprises of trade and other payables. The main purpose of these financial liabilities is to finance the Company's activities. The Company's principal financial assets include investment, receivables, and cash and cash equivalents that derive directly from its activities.

The Company is exposed to market risk and credit risk. The Company's management oversees the management of these risks. The Company's management provides assurance that the Company's financial risk activities are governed by appropriate policies and principles.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

A Market risk

Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk, such as commodity price fluctuation. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

B Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Credit risk comprises of two types of risk: Customer Credit Risk and Credit risk from balances with banks and financial institutions.

32. Previous periods' figures have been regrouped / rearranged wherever necessary to conform to the current periods' classification.

As per our report of even date

For **Salarpuria Jajodia & Co.**

Firm Registration Number: 302111E
Chartered Accountants

Siddharth Jhajharia
a Partner
Membership No.58419
Dated: 23rd May, 2018

Jyoti Prakash Kanoria
Director
DIN:00225761

Kamal Kishor Agarwal
Chief Financial Officer

Yashwant Kumar Daga
Director
DIN:00040632

Rakesh Sharma
Company Secretary

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