

# LAKHOTIA & CO.

*Chartered Accountants*

Chatterjee International Centre  
33A Chowringhee Road  
17<sup>th</sup> Floor, Flat No. A-7  
Kolkata- 700071  
Email: lakhotiaandco@gmail.com  
☎ 033-40073510

## INDEPENDENT AUDITOR'S REPORT

To the Members of **Network Industries Limited**

### Report on the Ind AS Financial Statements

#### Opinion

We have audited the accompanying Ind AS financial statements of **Network Industries Limited** ("**the Company**") which comprises the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Ind AS and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the Ind AS financial statements and our auditor's report thereon. Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



### **Responsibilities of Management and those charged with governance for the Ind AS financial statements**

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

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

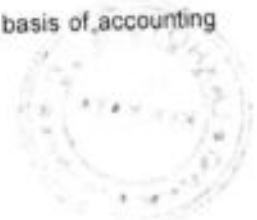
Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of Ind AS Financial Statement**

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

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

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



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

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

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

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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, and the Cash Flow Statement 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.



# LAKHOTIA & CO.

*Chartered Accountants*

Chatterjee International Centre

33A Chowringhee Road

17<sup>th</sup> Floor, Flat No. A-7

Kolkata- 700071

Email: lakhotiaandco@gmail.com

☎ 033-40073510

- f) With respect to the adequacy of the Internal Financial Control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirement of section 197(16) of the Act:  
In our opinion, the company has not paid any managerial remuneration for the year ended March 31, 2024 to its directors and accordingly the provisions of section 197 read with Schedule V to the Act is not applicable
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company does not have any pending litigations which would impact its financial position.
- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv)(a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) The company has not declared or paid any dividend during the year.





# LAKHOTIA & CO.

*Chartered Accountants*

Chatterjee International Centre  
33A Chowringhee Road  
17<sup>th</sup> Floor, Flat No. A-7  
Kolkata- 700071  
Email: lakhotiaandco@gmail.com  
☎ 033-40073510

vi) Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording of audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting software.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024..

For **Lakhotia & Co.**  
Chartered Accountants  
Firm Registration No. 313149E

  
**Naresh Lakhotia**  
Partner  
Membership No. 051249  
Kolkata  
Dated: 27<sup>th</sup> May, 2024  
UDIN:-24051249BKFKED3221



# LAKHOTIA & CO.

Chartered Accountants

Chatterjee International Centre  
33A Chowringhee Road  
17<sup>th</sup> Floor, Flat No. A-7  
Kolkata- 700071  
Email: lakhotiaandco@gmail.com  
☎ 033-40073510

## "Annexure A" to Independent Auditors' Report

Statement 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 2024.

- i. (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) These Property, Plant and Equipment have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification except for 27.89 acres of land at Bauria Mill, Bauria Cotton Mills Road, P.O. Bauria, District Howrah, West Bengal which is encroached and Tobin Road Plot bearing no. 1154, 1155 & 1156 situated at 81, A.K.Mukherjee Marg Road, Kolkata as the same is yet to be handed over to the Company are recognized at Nil value in the books of account.
- (c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company.
- (d) The Company has not revalued any of its Property, Plant and Equipment (including right of-use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The Company does not have any inventory and as such clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations provided to us, the Company has not been sanctioned working capital limits. Accordingly, the requirements under paragraph 3(ii)(b) of the Order is not applicable to the Company.
- iii. The Company during the year has not made not made any investments in, provided security or granted any loans or advances in the nature of loans secured or unsecured to companies, firms, Limited Liability partnerships or any other parties. However, the company has provided guarantee to a company during the year in respect of which:-
- (a) The Company has stood guarantee during the year and details of which are given below:-

Particulars	Guarantee
Aggregate amount provided during the year	
Guarantee to a Fellow Subsidiary	Rs. 4200 lakhs
Balance outstanding as at the balance sheet date in respect of a Fellow Subsidiary	Rs. 4200 lakhs



# LAKHOTIA & CO.

*Chartered Accountants*

Chatterjee International Centre  
33A Chowringhee Road  
17<sup>th</sup> Floor, Flat No. A-7  
Kolkata- 700071  
Email: [lakhotiaandco@gmail.com](mailto:lakhotiaandco@gmail.com)  
☎ 033-40073510

- (b) According to the information and explanations given to us and based on the audit procedures performed, the terms and conditions of the guarantee provided, in our opinion are not prejudicial to the company's interest.
- (c) The company during the year has not granted any loans and advances in the nature of loans during the year hence reporting under clause 3(iii)(c),(d),(e) and (f) of the order are not applicable.
- iv. According to the information and explanations given to us, the company has not given any loan or guarantee or provided any security covered by the provisions of Section 185 and in respect of loans, investments, guarantees and security, the company has complied with provisions of Section 186 of the Act to the extent applicable.
- v. The Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of Clause 3(v) of the Order are not applicable.
- vi. The Central Government has not prescribed for the maintenance of cost records under Section 148(1) of the Act.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing undisputed statutory dues including goods and service tax, provident fund, employees state insurance, income-tax, sales of tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues, as applicable, with the appropriate authorities.
- (b) As at 31st March, 2024, according to the records of the Company and the information and explanations given to us, there were no statutory dues referred to in sub-clause(a) that have not been deposited on account of any dispute.
- viii. The Company has not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961(43 of 1961).
- ix. (a) The Company has not taken any loans or other borrowings from any lender. Accordingly, the provisions of Clause 3(ix)(a) of the Order are not applicable.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or government authority.
- (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.



- (d) On an overall examination of the financial statements of the Company, no funds have been raised on short term basis which have been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the company, there are no whistle blower complaints received by the company during the year.
- xii. The company is not a Nidhi company and as such clause 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per the provisions of the Companies Act, 2013.
- xv. According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non- Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.





# LAKHOTIA & CO.

*Chartered Accountants*

Chatterjee International Centre  
33A Chowringhee Road  
17<sup>th</sup> Floor, Flat No. A-7  
Kolkata- 700071  
Email: lakhotiaandco@gmail.com  
☎ 033-40073510

- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- xvii. The Company has not incurred cash losses during the current financial year covered by our audit. However, in the immediately preceding financial year, the company has incurred cash losses. The cash losses so incurred in the previous financial year amounted to Rs. 48.87 lakhs.
- xviii. There has been no resignation of the statutory auditors of the Company during the year and accordingly, this clause is not applicable.
- xix. According to information and explanations given to us, and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of the balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The provisions of Section 135 of the Companies Act are not applicable to the Company, accordingly, reporting under clause 3(xx)(a) and (b) of the order is not applicable.

For **Lakhotia & Co.**  
Chartered Accountants  
Firm Registration No. 313149E

*Naresh Lakhotia*

**Naresh Lakhotia**  
Partner  
Membership No. 051249  
Kolkata  
Dated: 27<sup>th</sup> May, 2024  
UDIN:-24051249BKFKED3221



# LAKHOTIA & CO.

*Chartered Accountants*

Chatterjee International Centre  
33A Chowringhee Road  
17<sup>th</sup> Floor, Flat No. A-7  
Kolkata- 700071  
Email: lakhotiaandco@gmail.com  
☎ 033-40073510

## "ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT ON THE IND AS FINANCIAL STATEMENTS OF NETWORK INDUSTRIES LIMITED

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

We have audited the internal financial controls over financial reporting of **Network Industries Limited** ("the Company") as of March 31, 2024 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". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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



# LAKHOTIA & CO.

*Chartered Accountants*

Chatterjee International Centre  
33A Chowringhee Road  
17<sup>th</sup> Floor, Flat No. A-7  
Kolkata- 700071  
Email: lakhotiaandco@gmail.com  
☎ 033-40073510

of Ind AS 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 Ind AS financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, 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 **Lakhotia & Co.**  
Chartered Accountants  
Firm Registration No. 313149E

  
**Naresh Lakhotia**  
Partner  
Membership No. 051249  
Kolkata  
Dated: 27<sup>th</sup> May, 2024  
UDIN:- 24051249BKFKED3221



**Network Industries Limited**  
Balance Sheet as at 31st March 2024

(All amounts in Rs. lakhs)

Particulars	Notes	As at 31st March 2024	As at 31st March 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2(a)	3,787.59	3,794.30
Intangible assets	2(b)	5.21	5.21
<b>Financial assets</b>			
(i) Other Financial Assets	3	6.48	6.48
Non Current tax assets (net)	4	12.38	3.43
Other non-current assets	5	464.87	381.95
<b>Total non-current assets</b>		<b>4,276.53</b>	<b>4,191.37</b>
<b>Current assets</b>			
<b>Financial assets</b>			
(i) Cash and cash equivalents	6 (a)	95.53	6.18
(ii) Other Financial Assets	6 (b)	27.51	4.72
Other current assets	7	0.65	0.72
<b>Total current assets</b>		<b>123.69</b>	<b>11.62</b>
<b>Total assets</b>		<b>4,400.22</b>	<b>4,202.99</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	8	3,699.00	3,699.00
Other equity	9	413.25	228.16
<b>Total equity</b>		<b>4,112.25</b>	<b>3,927.16</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(i) Other financial liabilities	10	270.00	270.00
<b>Total non-current liabilities</b>		<b>270.00</b>	<b>270.00</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Trade payables			
a) Total outstanding dues of Micro and Small Enterprises			
b) Total outstanding dues of creditors other than Micro and Small Enterprises	11	2.61	2.76
Other current liabilities	12	15.36	3.07
<b>Total current liabilities</b>		<b>17.97</b>	<b>5.83</b>
<b>Total liabilities</b>		<b>287.97</b>	<b>275.83</b>
<b>Total equity and liabilities</b>		<b>4,400.22</b>	<b>4,202.99</b>
Corporate Information			
Significant Accounting Policies	1		

The accompanying notes are an integral part of this Financial Statements.  
This is the Balance Sheet referred to in our report of even date.

For Lakhota & Co.  
Firm Registration No. 313149E  
Chartered Accountants

*Naresh*  
Naresh Lakhota  
Partner  
Membership No. 51249  
Place : Kolkata  
Date : 27-05-2024



*D.C. Baheti*

D.C. Baheti  
Director  
(DIN-00040953)

*Ajay Kumar Agarwal*

Ajay Kumar Agarwal  
Director  
(DIN-03159384)

*Gaurav Gandhi*

Gaurav Gandhi  
Director  
(DIN-00484220)

*Ayan Datta*

CFO

*Nukla Damani*

Company Secretary



**Network Industries Limited**  
**Statement of profit & loss for the year ended 31st March 2024**

(All amounts in Rs. lakhs)

Particulars	Notes	Year ended 31st March 2024	Year ended 31st March 2023
Revenue from Operations	13	192.48	194.36
Other Income	13(a)	14.53	0.37
<b>Total Income</b>		<b>207.01</b>	<b>194.73</b>
<b>EXPENSES</b>			
Finance Cost	14	0.00	2.71
Employee benefits expense	15	1.20	1.20
Depreciation and amortization expense	16	6.71	6.71
Other expenses	17	14.01	65.84
<b>Total Expenses</b>		<b>21.92</b>	<b>76.46</b>
<b>Profit before tax</b>		<b>185.09</b>	<b>118.27</b>
Income tax expense		-	-
Current tax		-	-
Deferred tax		-	-
<b>Total Tax expenses</b>		<b>0.00</b>	<b>0.00</b>
<b>Profit / (Loss) for the year</b>		<b>185.09</b>	<b>118.27</b>
Earnings per equity share [ Nominal Value per Share Rs.10] (Previous Year - Rs.10)			
Basic and Diluted	18	0.50	0.35
Corporate Information Significant Accounting Policies	1		

For Lakhota & Co.  
Firm Registration No. 313149E  
Chartered Accountants

*Naresh Lakhota*  
Naresh Lakhota  
Partner  
Membership No. 51249  
Place : Kolkata  
Date : 27-05-2024



*D.C. Baheti*

D.C. Baheti  
Director  
(DIN-00040953)

*Ajay Kumar Agarwal*

Ajay Kumar Agarwal  
Director  
(DIN-03159384)

*Gaurav Gandhi*

Gaurav Gandhi  
Director  
(DIN-00484220)

*Nukla Damani*

CFO

*Nukla Damani*

Company Secretary

Network Industries Limited  
Statement of changes in equity for the year ended 31st March 2024

(All amounts in Rs. lakhs)

**A. Equity share capital**

	Amount
As at 31 March 2022	1,080.00
Add:- Preferential issue of equity shares on private placement basis	2,619.00
Cancelled during the year	-
<b>As at 31 March 2023</b>	<b>3,699.00</b>
Issued during the year	-
Cancelled during the year	-
<b>As at 31 March 2024</b>	<b>3,699.00</b>

**B. Other equity**

	Capital reserve	Retained earnings	Total other equity
<b>Balance as at 31 March 2022</b>	<b>61.19</b>	<b>48.70</b>	<b>109.89</b>
Profit/(Loss) for the year	-	118.27	118.27
Other comprehensive income, net of tax	-	-	-
<b>Total comprehensive income</b>	<b>61.19</b>	<b>166.97</b>	<b>228.16</b>
<b>As at 31 March 2023</b>	<b>61.19</b>	<b>166.97</b>	<b>228.16</b>
Profit/(Loss) for the year	-	185.09	185.09
Other comprehensive income, net of tax	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>185.09</b>	<b>185.09</b>
<b>As at 31 March 2024</b>	<b>61.19</b>	<b>352.06</b>	<b>413.25</b>

For Lakhotia & Co.  
Firm Registration No. 313149E  
Chartered Accountants

*Naresh*  
Naresh Lakhotia  
Partner  
Membership No. 51249  
Place : Kolkata  
Date : 27-05-2024



\_\_\_\_\_  
D.C. Baheti  
Director  
(DIN-00040953)

*Ajay Kumar Agarwal*  
\_\_\_\_\_  
Ajay Kumar Agarwal  
Director  
(DIN-03159384)

*Gaurav Gandhi*  
\_\_\_\_\_  
Gaurav Gandhi  
Director  
(DIN-00484220)

*Ayan Datta*  
\_\_\_\_\_  
CFO

*Mukta Damani*  
\_\_\_\_\_  
Company Secretary

Network industries Limited

Statement of Cash Flow for year ended 31st March 2024

Particulars	Year Ended 31.03.2024	Year Ended 31-03-2023
<b>(A) Cash flows from operating activities:</b>		
<b>Profit before tax</b>	185.09	118.27
<b>Adjustments for:</b>		
Depreciation and amortisation expense	6.71	6.71
Interest and finance charges	-	2.71
<b>Operating profit before changes in operating assets and liabilities</b>	<b>191.80</b>	<b>127.69</b>
<b>Adjustments for:</b>		
(Increase) / Decrease in Other Non-Current Financial Assets	-	-
(Increase) / Decrease in Other Current Financial Assets	(22.79)	5.46
(Increase) / Decrease in Other Non-Current assets	(82.92)	(173.85)
(Increase) / Decrease in Other Current assets	0.07	(0.72)
(Decrease) / Increase in Other Current Financial liabilities	-	(23.32)
(Decrease) / Increase in Trade Payables	(0.15)	(4.48)
(Decrease) / Increase in Other Non-Current Financial liabilities	-	60.00
(Decrease) / Increase in Other Current liabilities	12.29	2.30
(Decrease) / Increase in Non-current/ current financial and other liabilities/provisions	-	-
<b>Cash generated from operations</b>	<b>98.30</b>	<b>(6.92)</b>
Income taxes paid (net)	(8.95)	(1.91)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>89.35</b>	<b>(8.83)</b>
<b>(B) Cash flows from investing activities:</b>		
Payments for acquisition of property, plant and equipment/ intangible assets	-	-
Interest received	-	-
<b>Net cash inflow / (outflow) from investing activities</b>	<b>-</b>	<b>-</b>
<b>(C) Cash flows from financing activities:</b>		
Interest paid	-	(2.71)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>-</b>	<b>(2.71)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>89.35</b>	<b>(11.54)</b>
Cash and cash equivalents- Opening Balance	6.18	17.72
Adjustments in cash and cash equivalents		
<b>Cash and cash equivalents - Closing Balance</b>	<b>95.53</b>	<b>6.18</b>

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

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

This is the Statement of Cash Flow referred to in our report of even date.

For Lakhotia & Co.  
Firm Registration No. 313149E  
Chartered Accountants

*Naresh Lakhotia*  
Naresh Lakhotia  
Partner  
Membership No. 51249  
Place : Kolkata  
Date : 27-05-2024



*D.C. Baheti*

D.C. Baheti  
Director  
(DIN-00040953)

*Ajay Kumar Agarwal*

Ajay Kumar Agarwal  
Director  
(DIN-03139384)

*Gaurav Gandhi*

Gaurav Gandhi  
Director  
(DIN-00484220)

*Ayan Datta*

CFO

**Network Industries Limited**  
**Notes to the financial statements**

(All amounts in Rs. lakhs)

**Note: 2(a) Property, plant and equipment**

Particulars	Gross Carrying Amount			Accumulated Depreciation				Net Carrying Amount		
	As at 31st March 2023	Additions	Adjustments	As at 31st March 2024	As at 31st March 2023	For the year	Adjustments	As at 31st March 2024	As at 31st March 2024	As at 31st March 2023
Freehold land	3,393.94	-	-	3,393.94	-	-	-	-	3,393.94	3,393.94
Buildings	423.71	-	-	423.71	23.35	6.71	-	30.06	393.65	400.36
	<b>3,817.65</b>	-	-	<b>3,817.65</b>	<b>23.35</b>	<b>6.71</b>	-	<b>30.06</b>	<b>3,787.59</b>	<b>3,794.30</b>

Particulars	Gross Carrying Amount			Accumulated Depreciation				Net Carrying Amount		
	As at 31st March 2022	Additions	Adjustments	As at 31st March 2023	As at 31st March 2022	For the year	Adjustments	As at 31st March 2023	As at 31st March 2023	As at 31st March 2022
Freehold land	3,393.94	-	-	3,393.94	-	-	-	-	3,393.94	3,393.94
Buildings	423.71	-	-	423.71	16.64	6.71	-	23.35	400.36	407.07
	<b>3,817.65</b>	-	-	<b>3,817.65</b>	<b>16.64</b>	<b>6.71</b>	-	<b>23.35</b>	<b>3,794.30</b>	<b>3,801.01</b>

**Note: 2(b) Intangible assets**

Particulars	Gross Carrying Amount			Accumulated Depreciation				Net Carrying Amount		
	As at 31st March 2023	Additions	Adjustments	As at 31st March 2024	As at 31st March 2023	For the year	Adjustments	As at 31st March 2024	As at 31st March 2024	As at 31st March 2023
Trademark	5.21	-	-	5.21	-	-	-	-	5.21	5.21
	<b>5.21</b>	-	-	<b>5.21</b>	-	-	-	-	<b>5.21</b>	<b>5.21</b>

Particulars	Gross Carrying Amount			Accumulated Depreciation				Net Carrying Amount		
	As at 31st March 2022	Additions	Adjustments	As at 31st March 2023	As at 31st March 2022	For the year	Adjustments	As at 31st March 2023	As at 31st March 2023	As at 31st March 2022
Trademark	5.21	-	-	5.21	-	-	-	-	5.21	5.21
	<b>5.21</b>	-	-	<b>5.21</b>	-	-	-	-	<b>5.21</b>	<b>5.21</b>

Note: as per management the carrying value of trademark is its residual value hence no amortisation has been provided.





**Note: 3 Other Financial Assets (Non-current)**

Particulars	As at 31 March 2024	As at 31 March 2023
Unsecured, considered good (unless otherwise stated) Security Deposits	6.48	6.48
<b>Total</b>	<b>6.48</b>	<b>6.48</b>

**Note: 4 Non Current tax assets (net)**

Particulars	As at 31 March 2024	As at 31 March 2023
Advance Income tax (Net of Provision Rs Nil P.Y Rs Nil)	12.38	3.43
<b>Total</b>	<b>12.38</b>	<b>3.43</b>

**Note: 5 Other non-current assets**

Particulars	As at 31 March 2024	As at 31 March 2023
Unsecured, considered good (unless otherwise stated) Lease Rental Accrued but not due	464.87	381.95
	<b>464.87</b>	<b>381.95</b>



Note: 6(a) Cash and cash equivalents

Particulars	As at 31 March 2024	As at 31 March 2023
Cash and cash equivalents		
Cash on hand	0.03	0.03
Balances with banks:		
In current accounts	95.50	8.15
<b>Total</b>	<b>95.53</b>	<b>8.18</b>

Note: 6(b) Other Financial Assets

Particulars	As at 31 March 2024	As at 31 March 2023
Lease Rent Receivable	95.98	3.69
Corporate Guarantees Receivable	-	-
Electricity Charges Receivable from Fellow Subsidiary Company	1.53	1.03
<b>Total</b>	<b>97.51</b>	<b>4.72</b>

Note: 7 Other Current Assets

Particulars	As at 31 March 2024	As at 31 March 2023
Prepaid Expenses	0.65	0.72
<b>Total</b>	<b>0.65</b>	<b>0.72</b>

Note: 8 Equity share capital

(a) Authorised share capital

Particulars	Equity shares	
	Number of shares	Amount
As at 1 April 2022	1,20,00,000	1,200.00
Changes during the year	2,50,00,000	2,500.00
As at 31 March 2023	3,70,00,000	3,700.00
Changes during the year	-	-
As at 31 March 2024	3,70,00,000	3,700.00

(i) General terms and conditions

The Company has one class of shares referred to as Equity Shares having a par value of Rs. 10/-, in the event of liquidation of the Company, the equity shareholders will be entitled to receive assets of the Company remaining after distribution of all preferential amounts, in proportion of their shareholding.

(b) Issued, subscribed and fully paid-up shares

Particulars	Equity shares	
	Number of shares	Amount
As at 1 April 2022	1,08,00,000	1,080.00
Add: Preferential issue of equity shares on private placement basis	2,51,90,000	2,519.00
As at 31 March 2023	3,59,90,000	3,599.00
Issued during the year	-	-
As at 31 March 2024	3,59,90,000	3,599.00

(c) Details of the shareholders holding company and by subsidiary / associate of the holding company

Name of the shareholders	As at 31 March 2024	As at 31 March 2023
	%	%
Cluster Limited ( Holding Company)	100	100

(d) Details of the shareholders holding more than 5% of the Company

Name of the shareholders	As at 31 March 2024	As at 31 March 2023
	%	%
Cluster Limited ( Holding Company)	100	100

(e) Details of the shareholders held by promoter at the end of the year

Name of the shareholders	As at March 31, 2024				As at March 31, 2023	
	No. of shares	% of total shares	Change during the year	% Change during the year	No. of shares	% of total shares
Cluster Limited ( Holding Company)	1,89,90,000	100.00%	-	-	1,89,90,000	100.00%

Name of the shareholders	As at March 31, 2023				As at March 31, 2022	
	No. of shares	% of total shares	Change during the year	% Change during the year	No. of shares	% of total shares
Cluster Limited ( Holding Company)	1,89,90,000	100.00%	28190000	247.50	1,89,00,000	100.00%

Note: 10 Other Financial Liabilities (Non-current)

Particulars	As at 31 March 2024	As at 31 March 2023
Security Deposit	270.00	270.00
<b>Total</b>	<b>270.00</b>	<b>270.00</b>



**Note: 11 Trade Payable**

Particulars	As at 31 March 2024	As at 31 March 2023
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.64	2.76
<b>Total</b>	<b>2.64</b>	<b>2.76</b>

Particulars	Outstanding as on March 31, 2024 from due date of payment			
	Unbilled Due	Upto 1 Year	Above 1 year	Total
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.37	0.24	-	2.61
Disputed dues of micro enterprises and small enterprises	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-
<b>Total</b>	<b>2.37</b>	<b>0.24</b>	<b>-</b>	<b>2.61</b>

Particulars	Outstanding as on March 31, 2023 from due date of payment			
	Unbilled Due	Upto 1 Year	Above 1 year	Total
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1.88	0.88	-	2.76
Disputed dues of micro enterprises and small enterprises	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-
<b>Total</b>	<b>1.88</b>	<b>0.88</b>	<b>-</b>	<b>2.76</b>

**Note: 12 Other current liabilities**

Particulars	As at 31 March 2024	As at 31 March 2023
Employee Benefits Payable	-	0.10
Statutory dues	15.96	2.95
Other Advances	-	-
<b>Total</b>	<b>15.96</b>	<b>3.05</b>

**Note: 13 Revenue from Operations**

Particulars	Year ended 31st March 2024	Year ended 31st March 2023
Sale of Services	-	-
Lease Rental Income	183.00	185.84
Rental Income (Others)	9.48	5.52
<b>Total</b>	<b>192.48</b>	<b>194.36</b>

**Note: 13(a) Other income**

Particulars	Year ended 31st March 2024	Year ended 31st March 2023
Interest income on deposits from bank	-	-
Interest income on deposits from CESC Ltd	0.57	0.37
Corporate Guarantee Commission	14.01	-
<b>Total</b>	<b>14.58</b>	<b>0.37</b>

**Note: 14 Finance Cost**

Particulars	Year ended 31st March 2024	Year ended 31st March 2023
Interest Expenses On Inter Corporate Deposit	-	2.71
<b>Total</b>	<b>-</b>	<b>2.71</b>

**Note: 15 Employee benefits expense**

Particulars	Year ended 31st March 2024	Year ended 31st March 2023
Salaries, Wages & Bonus	1.20	1.20
<b>Total</b>	<b>1.20</b>	<b>1.20</b>

**Note: 16 Depreciation and amortisation expense**

Particulars	Year ended 31st March 2024	Year ended 31st March 2023
Depreciation of property, plant and equipment	6.71	6.71
<b>Total</b>	<b>6.71</b>	<b>6.71</b>



Notes 17 Other expenses

Particulars	Year ended 31st March 2024	Year ended 31st March 2023
Rates & Taxes	2.51	5.93
Repairs & Maintenance	0.72	21.07
Electricity	4.86	5.07
Assets written off/scrapped	-	-
Auditor Remuneration : as Audit fee	0.45	0.45
as Other services	0.30	0.30
Conveyance Expenses	0.24	0.24
Professional Fees	4.59	14.14
Filing Fees	0.40	16.10
Miscellaneous Expenses	0.26	0.24
<b>Total</b>	<b>14.01</b>	<b>63.84</b>





**Note 19 : Income tax expense<sup>a</sup>**

This note provides an analysis of the Company's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

Below are the disclosures for the period ended post acquisition by the parent company.

**(a) Income tax expense**

Particulars	31 March 2024	31 March 2023
<i>Current tax</i>		
Current tax on profits for the year	-	-
<b>Total current tax expense</b>	-	-
<i>Deferred tax</i>		
Decrease (increase) in deferred tax	-	-
<b>Total deferred tax expense/(benefit)</b>	-	-
<b>Income tax expense</b>	-	-

**(c) Reconciliation of tax expense and the accounting profit multiplied by tax rate:**

Particulars	31 March 2024	31 March 2023
	185.09	118.27
Tax at the Indian tax rate of 25.168%	<b>46.59</b>	<b>89.77</b>
<i>Other Adjustments</i>		
Impact of deferred tax assets not recognised	(46.59)	(29.77)
<b>Total income tax expense/(credit)</b>	-	-

**Note 20 : Tax Losses**

Particulars	31 March 2024	31 March 2023
Unused business losses and unabsorbed depreciation for which no deferred tax asset has been recognised	22,046.29	22,046.29
Potential tax benefit @ 25.168%	5,548.61	5,548.61

The deferred tax asset has not been recognised on the basis that its recovery is not probable in the foreseeable future and losses disputed in appeal.

**Note 21 : Commitments**

Particulars	31 March 2024	31 March 2023
Corporate Guarantee given to banks to secure the financial assistance/accommodation extended to a fellow Subsidiary Company.	4,200.00	-



(All amounts in Rs. lakhs)

**Note:9 Other Equity**

	As at 31 March 2024	As at 31 March 2023
Capital reserve	61.19	61.19
Retained earnings	352.06	166.97
	<b>413.25</b>	<b>228.16</b>

**Capital reserve**

	Amount
<b>Balance as at 31 March 2022</b>	<b>61.19</b>
Adjustment during the year	-
<b>Balance as at 31 March 2023</b>	<b>61.19</b>
Adjustment during the year	-
<b>Balance as at 31 March 2024</b>	<b>61.19</b>

**Retained earnings**

	Amount
<b>Balance as at 31 March 2022</b>	<b>48.70</b>
Profit for the year	118.27
<b>Balance as at 31 March 2023</b>	<b>166.97</b>
Profit for the year	185.09
<b>Balance as at 31 March 2024</b>	<b>352.06</b>

**Nature and purpose of reserves**

**(i) Capital reserve**

Capital reserve represents the amount recognised on reduction of equity share capital and other adjustments in terms of the order of Hon'ble NCLT passed on 4 July 2019 approving the resolution plan under Insolvency and Bankruptcy Code 2016.

**(ii) Retained earnings**

This represents the accumulated losses of the company. Accumulated balance of retained earnings as at 4th July 2019 has been transferred to capital reserve in terms of the Hon'ble NCLT passed on 4 July 2019 approving the resolution plan under Insolvency and Bankruptcy Code 2016.



(All amounts in Rs. lakhs)

Note 18: Earning per share

Particulars	Year ended 31st March 2024	Year ended 31st March 2023
(a) Profit / (Loss) attributable to equity holders of the company used in calculating basic and diluted earnings per share (in lakhs)	185.09	118.27
(b) Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share (in numbers)	3,69,90,000	3,35,45,836
(c) Basic and diluted earnings per share (Rs.)	0.50	0.35



**Note 22: Related party transactions**

Below are the related party disclosures for the period post acquisition by the parent company.

**(a) Parent entity**

The company is controlled by the following entity:

Name	Type	Place of Incorporation	Ownership Interest	
			As at 31 March 2024	As at 31 March 2023
Gloster Limited	Immediate and ultimate parent	India	100%	100%

**(b) Fellow subsidiary**

- Gloster Lifestyle Limited (100% subsidiary of Gloster Limited)
- Gloster Specialities Limited (100% subsidiary of Gloster Limited)
- Gloster Nuvo Limited (100% subsidiary of Gloster Limited)
- Fort Gloster Industries Limited (100% subsidiary of Gloster Limited)

**(c) Key Management Personnel (KMP)**

- Shri Ajay Agarwal (Whole Time Director)
- Ayan Dutta (Chief Financial Officer)
- Mehta Damani (Company Secretary)

**(d) Transaction with related parties**

Particulars	Year	Gloster Limited	Gloster Nuvo Limited
<b>A. Transactions during the year</b>			
Loan received	2023-24	-	-
	2022-23	60.00	-
Loan Repaid	2023-24	-	-
	2022-23	60.00	-
Others Payable (Received)	2023-24	11.29	-
	2022-23	5.06	-
Reimbursement of Expenses (Paid)	2023-24	11.29	-
	2022-23	28.88	-
Others Receivable (Paid)	2023-24	-	-
	2022-23	-	-
Reimbursement of Expenses (Received)	2023-24	-	-
	2022-23	-	-
Security deposit received	2023-24	-	-
	2022-23	-	60.00
Reimbursement of Electricity Expenses	2023-24	-	14.26
	2022-23	-	10.79
Reimbursement of Electricity Expenses(Received)	2023-24	-	12.73
	2022-23	-	-
Interest Expenses on Inter Corporate Deposit	2023-24	-	-
	2022-23	2.71	-
Loan Converted into Equity Share Capital by way of preferential issue of equity share	2023-24	-	-
	2022-23	2,609.00	-
Corporate Guarantee Commission Income	2023-24	-	14.01
	2022-23	-	-
Corporate Guarantee Given	2023-24	-	4,200.00
	2022-23	-	-
Lease Rental Income	2023-24	15.00	60.00
	2022-23	15.00	-
<b>Outstanding balances at year end</b>			
Loan	2023-24	-	-
	2022-23	-	-
Other financial liabilities	2023-24	-	-
	2022-23	-	-
Other current liabilities	2023-24	-	-
	2022-23	-	-
Security deposit received	2023-24	30.00	240.00
	2022-23	30.00	240.00
Electricity Expenses receivable	2023-24	-	1.53
	2022-23	-	-
Lease Income receivable	2023-24	-	-
	2022-23	-	-
Corporate Guarantee	2023-24	-	4,200.00
	2022-23	-	-

**(e) Terms and conditions of the transactions**

All outstanding balances are unsecured and are repayable in cash.





**Note 23 Fair value measurements**

**(i) Financial instruments by category**

Particulars	As at 31 March 2024	As at 31 March 2023
	Amortised cost	Amortised cost
<b>Financial assets</b>		
Deposits	6.48	6.48
Cash and cash equivalents	95.53	6.18
Other current financial assets	27.51	4.72
<b>Total financial assets</b>	<b>129.52</b>	<b>17.38</b>
<b>Financial liabilities</b>		
Borrowings	-	-
Other non-current financial liabilities	270.00	270.00
Other current financial liabilities	-	-
Trade payables	2.61	2.76
<b>Total financial liabilities</b>	<b>272.61</b>	<b>272.76</b>

**(ii) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level is as follows:

**Level 1 [Quoted prices in an active market]:**

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price available. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2 [Fair values determined using valuation techniques with observable inputs]:**

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

**Level 3 [Fair values determined using valuation techniques with significant unobservable inputs]:**

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is generally the case for unlisted equity securities.



**Network Industries Limited**  
**Notes to the financial statements**

*(All amounts in Rs. lakhs)*

**Note 24 : Capital management**

**(a) Risk management**

The company's objectives when managing capital are to

- i. safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders, and
- ii. benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, long term borrowings and short term borrowings.

The amount mentioned under total equity in balance sheet is considered as Capital.

**(b) Dividends paid and proposed**

The company has not paid or proposed any dividends during the year ended 31 March 2024 or 31 March 2023.



**Network Industries Limited**  
**Notes to the financial statements**

*(All amounts in Rs. lakhs)*

**Note 25 :Financial risk management**

The financial risk management policy followed by the Company is presented below:

**(A) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial

**(i) Maturities of financial liabilities**

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**Contractual maturities of financial liabilities as at 31 Mar 2024**

Particulars	Less than 1 year	More than 1 year	Total
Loan from parent company	-	-	-
Other payable to parent company	-	-	-
Other financial Liabilities	-	270.00	<b>270.00</b>
Trade Payables	2.61	-	<b>2.61</b>
	<b>2.61</b>	<b>270.00</b>	<b>272.61</b>

**Contractual maturities of financial liabilities as at 31 Mar 2023**

Particulars	Less than 1 year	More than 1 year	Total
Loan from parent company	-	-	-
Other payable to parent company	-	-	-
Other financial liabilities	-	270.00	<b>270.00</b>
Trade Payables	2.76	-	<b>2.76</b>
	<b>2.76</b>	<b>270.00</b>	<b>272.76</b>



**Network Industries Limited**  
**Notes to the financial statements**

**Note 26 : Ratio Analysis and its Elements**

Ratio	Numerator	Denominator	31st March, 2024	31st March, 2023	% Change	Reason for Variance
• Current Ratio	Current Assets	Current Liabilities	6.88	1.99	345.34	Increase in Current Assets
• Debt-Equity Ratio	Total Debt	Shareholder's Equity	-	-	-	
• Debt-Service Coverage Ratio	Earnings available for debt service	Debt service	-	-	-	
• Return on Equity Ratio	Net Profits after taxes – Preference Dividend ÷ Profit for the year	Average Total Equity	0.05	0.03	56.90	Increase in Profits
• Inventory Turnover Ratio	Cost of goods sold or Sales	Average Inventory	-	-	-	
• Trade Receivable Turnover Ratio	Net credit sales	Average Trade Receivable	-	-	-	
• Trade Payable Turnover Ratio	Net credit purchases	Average Trade Payables	-	-	-	
• Net Capital Turnover Ratio	Net sales	Working capital	1.82	33.57	(94.58)	Due to increase in Current Assets
• Net Profit Ratio	Net Profit ÷ Profit for the year	Net sales	0.96	0.61	58.03	
• Return on Capital Employed	Earnings before interest and taxes	Capital Employed	0.05	0.03	49.45	Increase in Profits
• Return on Investment	Interest (Finance Income) ÷ Dividend	Investments + Fixed Deposits	-	-	-	

**Note 27 : Other Statutory Information**

- (a) The title deeds of immovable properties are held in the name of the Company.
- (b) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) and intangible assets during the year.
- (c) The Company has not given any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment granted to promoters, directors, KMPs and related parties.
- (d) The Company does not have any Benami property. Further, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (e)
- (f) The Company does not have transactions with any struck off companies during the year.
- (g) The Company did not raise any term loans or working capital borrowings during the current year. Accordingly, the Company does not have any charges to be filed or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (h) The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- (i) The company has not filed any Scheme of Arrangements in terms of sections 230 to 237 of the Companies Act, 2013 with any Competent Authority.
- (j) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries); or
  - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (k) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Pending Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Pending Party (Ultimate Beneficiaries); or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (l) The Company has not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (m) The company is not covered under section 135 of the Companies Act and as such Corporate Social Responsibility (CSR) provisions are not applicable to the Company
- (n) The Company has not traded or invested in Crypto currency or Virtual Currency during the current financial year.



**Network Industries Limited**  
**Notes to the financial statements**

28 Previous year's figures have been re-grouped / re-arranged wherever necessary.

For Lakhota & Co.  
Firm Registration No. 313149E  
Chartered Accountants

*Naresh Lakhota*

Naresh Lakhota  
Partner  
Membership No. 51249

Place: Kolkata  
Date : 27-05-2024

*D.C. Baheti*

D.C. Baheti  
Director  
(DIN-00040953)

*Ajay Kumar Agarwal*

Ajay Kumar Agarwal  
Director  
(DIN-03159384)

*Gaurav Gandhi*

Gaurav Gandhi  
Director  
(DIN-00484220)

*Ayan Datta*

CFO

*Nukta Damasi*

Company Secretary



**Note: 1 Corporate Information**

Network Industries Limited is a public company within the meaning of Companies Act, 2013. The Company is a wholly owned subsidiary of Gloster Limited.

**Note: 2 Material accounting policies**

This note provides a list of the Material accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of Preparation****(i) Compliance with Ind AS**

These financial statements have been prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

**(ii) Classification of current and non-current**

All asset and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle and other criteria set out in the Ind AS 1 - Presentation of Financial Statements and Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / noncurrent classification of assets and liabilities.

**(iii) Historical cost convention**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention, except for the following:

- certain financial assets and liabilities those are measured at fair value
- defined benefit plans - plan assets measured at fair value

**2.2 Use of estimates**

The preparation of financial statements in conformity with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

**2.3 Property, Plant and Equipment and Depreciation**

a) Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

b) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

c) Depreciation is provided on straight line method over the estimated useful lives of the assets. Pursuant to Notification of Schedule II of the Companies Act, 2013 becoming effective, the Company has adopted the useful lives as per the lives specified for the respective Property Plant & Equipment in the Schedule II of the Companies Act, 2013. No depreciation is provided on freehold land.





d) Gains and losses on disposal of Property, Plant and Equipment is recognized in the statement of profit and loss.

e) An impairment loss is recognized where applicable when the carrying amount of Property, Plant and Equipment exceeds its recoverable amount.

#### **2.4 Intangible assets and amortization**

a) Intangible assets are stated at cost of acquisition including duties, taxes and expenses incidental to acquisition and installation, net of accumulated depreciation. Recognition of costs as an asset ceased when the asset is complete and available for its intended use.

b) Intangible assets comprising of Trademark and computer software are amortized on straight line method as per management's estimate of useful life.

c) Gains and Losses on disposal of Intangible assets is recognized in the statement of profit and loss.

#### **2.5 Impairment of assets**

Assessment is done at each balance sheet date as to whether there is any indication that an asset (Property, Plant and Equipment and other assets) may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/ cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to their recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased /increased. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the carrying value of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

#### **2.6 Financial assets**

The financial assets are classified in the following categories:

a) financial assets measured at amortised cost,

b) financial assets measured at fair value through profit and loss (FVTPL), and

c) financial assets measured at fair value through other comprehensive income (FVOCI).

The classification of financial assets depends on the Company's business model for managing financial assets and the contractual terms of the cash flow. At initial recognition, the financial assets are measured at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the profit or loss. Financial assets are not reclassified subsequent to their recognition except if and in the period the Company changes its business model for arranging financial assets.

#### **Financial assets measured at amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method. The losses arising from impairment are recognised in the statement of profit and loss. Trade Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment, if any.



### **Financial instruments measured at FVTPL**

Financial instruments included within FVTPL category are measured initially as well as at each reporting period at fair value plus transaction costs as applicable. Fair value movements are recorded in statement of profit and loss.

### **Financial assets at FVOCI**

Financial assets are measured at FVOCI if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **Equity instruments**

The Company measures all equity investments at fair value. The Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, and accordingly there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

### **De-recognition of financial asset**

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial assets and such transfer qualifies for derecognition under Ind AS 109 : Financial Instruments.

### **Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Except for Trade Receivables, where in the simplified approach of lifetime expected credit losses is recognised from initial recognition of the receivables as required by Ind AS 109; financial instruments. Impairment loss allowance recognised /reversed during the year is charged/written back to statement of profit and loss.

## **2.7 Financial Liabilities**

Financial liabilities are measured at amortised cost using the effective interest method. Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach. A financial liability (or a part of financial liability) is de-recognised from Company's balance sheet when obligation specified in the contract is discharged or cancelled or expired.



### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within the agreed credit terms with the vendors. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### **2.8 Subsidy / Government Grant**

Subsidy/ Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in other liabilities as deferred income and are credited to statement of profit and loss on a straight-line basis over the expected lives of the related assets and presented within other income.

### **2.9 Inventories**

Raw materials, Stores and Spares parts and components are valued at cost (cost being determined on weighted average basis) or at net realizable value whichever is lower. Semi-finished goods and stock-in-process are valued at raw materials cost plus labour and overheads apportioned on an estimated basis depending upon the stages of completion or at net realizable value whichever is lower. Finished goods are valued at cost or at net realizable value whichever is lower. Cost includes all direct cost and applicable manufacturing and administrative overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

### **2.10 Employee Benefit**

#### **a) Defined Contribution Plans**

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution benefit scheme.

#### **b) Defined Benefit Plans**

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs. Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets.

#### **c) Compensated absences**

Accrued liability in respect of leave encashment benefit on retirement is accounted for on the basis of actuarial valuation as at the year end and charged in the statement of profit and loss every year. Compensated absences benefits comprising of entitlement to accumulation of Sick Leave is provided for based on actuarial valuation at the end of the year. Actuarial gains and losses are recognized immediately in the statement of profit and loss. Accumulated Compensated Absences and Gratuity liability, which are expected to be availed or encashed or contributed within the 12 months from the end of the year are treated as short term employee benefits and the balance\ expected to availed or encashed or contributed beyond 12 months from the year end are treated as long term liability.





#### **d) Other short term employee benefits**

Short Term Employee Benefits are recognized as an expense as per the Company's schemes based on expected obligation on an undiscounted basis.

#### **2.11 Revenue Recognition**

Revenue from contracts with customers are recognised when the control over the goods or services promised in the contract are transferred to the customer. The amount of revenue recognised depicts the transfer of promised goods and services to customers for an amount that reflects the consideration to which the Company is entitled to in exchange for the goods and services. Revenue from sale of products is recognised when the control over such goods have been transferred, being when the goods are delivered to the customers. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only passage of time is required before payment is done.

#### **Other Income**

Interest Income is recognized on a time proportion basis taking in to account the amount outstanding and the effective interest rate applicable. Dividend income is recognized when the right to receive dividend is established. Export incentives are accounted as income in the statement of profit and loss when no significant uncertainty exists regarding the collectability. Insurance claims are accounted to the extent the Company is reasonably certain of their ultimate collection.

#### **2.12 Foreign Currency Transaction**

##### **(i) Initial Recognition**

On initial recognition, all foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction.

##### **(ii) Subsequent Recognition**

At the reporting date, foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of transactions. All monetary assets and liabilities in foreign currency are restated at the end of accounting period at the closing exchange rate. Gains/losses arising out of fluctuations in the exchange rates are recognised in the statement of profit and loss in the period in which they arise.

#### **2.13 Derivative Instruments**

The Company uses derivative financial instruments such as foreign exchange contracts to hedge its exposure to movements in foreign exchange rates relating to the underlying transactions. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value and resulting gain or loss is recognized in the statement of profit and loss at the end of each reporting period. Any profit or loss arising on cancellation of derivative Instruments is recognized as income or expense for the period.

#### **2.14 Taxation**

Current tax is determined as the amount of tax payable in respect of taxable income for the year based on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is



realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **2.15 Borrowing Cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

### **2.16 Provisions and Contingent Liabilities**

Provisions are recognized when there is a present obligation 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 there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discounted to its present value, except where the effect of the time value of money is material.

#### **Contingent Liabilities:**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more in certain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### **2.17 Earnings per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### **2.18 Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents include cash in hand, and balance with bank in current and fixed deposit account.

### **2.19 Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.



## 2.20 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, Insolvency or bankruptcy of the Company or the counterparty.

## 2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors of the Company has been identified as being the chief operating decision maker.

## 2.22 Leases

### As a lessee

Leases are recognised as right of use assets and a corresponding liability at the date at which the leased asset is available for use by the company. Contract may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payment:-

- a) Fixed payments (including in substance fixed payments) less any lease incentive receivable.
- b) Variable lease payment that are based on an index or a rate, initially measured using the index or a rate at the commencement date.
- c) Amount expected to be paid by the Company as under residual value guarantees.
- d) Exercise price of a purchase option if the Company is reasonably certain to exercise that option.
- e) Payment of penalties for terminating the lease, the lease term reflects the Company exercising that option.

To determine the incremental borrowing rate, the Company:

- a) Where possible, use recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in the financing conditions since third party financing was received
- b) Use a built up approach that starts with risk free interest rate adjusted for credit risk of leases held by the Company, which does not have recent third party financing.

Lease payments are allocated between principal and finance cost. The finance cost is charged to Statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:-

- i) the amount of the initial measurement of lease liability
- ii) any lease payment made at or before the commencement date less any lease incentive received
- iii) any initial direct cost and
- iv) restoration costs.

Right of use of assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.



Payment associated with short-term leases of equipment and all the leases of low value assets are recognised on a straight line basis as expenses in the statement of profit and loss. Short term leases are leases with a lease term of less than 12 months or less.

#### **As a Lessor**

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

#### **2.23 Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs (with two place of decimal) as per the requirement of schedule III, unless otherwise stated.

#### **2A Critical estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

- (i) Estimation of defined benefit obligation
- (ii) Useful life of property, plant and equipment and intangible assets
- (iii) Extension & Termination of option in leases

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

