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VADRAJ CEMENT LIMITED

(Formerly Known as ABG Cement Limited)

ANNUAL REPORT

AS AT 31ST MARCH, 2018

VADRAJ CEMENT LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting their Twenty Second Annual Report of the Company together with the Audited Statements of Accounts for the Financial Year Ended 31st March, 2018.

1. FINANCIAL HIGHLIGHTS

The Company's financial highlights for the year under review along with previous year's figures are given hereunder:

(Rs. in Lakhs)

Particulars	For the Year Ended 31.03.2018	For the Year Ended 31.03.2017
Revenue	9,018.37	9,015.64
Profit/(Loss) before Depreciation, Tax & Exceptional Items	(53,611.60)	(40,635.42)
Less: Depreciation	9,247.88	10,322.94
Profit/Loss before tax & Exceptional Items	(62,859.48)	(50,958.36)
Less: Exceptional Items		
Impairment Allowance	96,140.87	
Allowance for loss on financial assets	529.59	
Less: Provision for Taxation	-	-
Net Profit/(Loss) after tax & Exceptional Items	(159,529.93)	(50,958.36)
Balance brought forward from previous year	(151,781.30)	(1,03,902.43)
Effect of Foreign Exchange Loss		
Add: IND AS Adjustments	23.79	3079.49
Balance carried to Balance Sheet	(311,287.44)	(1,51,781.30)

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2. OPERATION

During the period under review the Company's clinker plant at Kutch has produced 180876 MT of clinker and closing sales of 52779 MT of which 84% was exported and 128103 MT was shifted to our grinding unit at Surat for cement manufacturing. However, due to working capital constraints clinker plant could not run on a continuous basis, throughout the year as international prices of clinker has gone substantially down, making clinker unit operation unviable. During the year 2017-2018, 239043 MT of cement and 83459 MT of GGBS has been produced with closing sales of 196876 MT and 36669 MT respectively. Due to working capital constraints the cement plant also could not run continuously.

Tabulated Operation Figures:

Figures (in MT)	Clinker	Cement	GGBS
Total Production	180876	239043	83459
Total Sales	52779	196876	36669

3. FINANCE

According to the meeting of the consortium of banks held on 12th July, 2018, the bankers have agreed for One Time Settlement (OTS) scheme for settling their outstanding debt at 85% of the outstanding loan amount. The Company is in the process of implementing OTS scheme.

4. AUDITORS REPORT

The Auditors in their report have referred to qualifications, reservations or adverse remarks. The Directors state that the aforesaid qualifications, reservations or adverse remarks was due to acute shortage of working capital resulting in non-operation of the plant on continuous basis.

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The Directors would like to clarify that the non-compliances as reported by the Auditors is not intentional but has arisen only due to business exigencies and prevailing circumstances of funds shortage and the Company would take all steps to set-right all non-compliances at the earliest.

5. COURT ORDER

On 23rd August, 2018 the Hon'ble High Court of Bombay had passed the conditional winding-up order against the Company for making default in payment under consent terms. The Appeal against the said Order before the Division Bench of the said Court was dismissed but the aforesaid Court has granted time for making the payment. The Company is hopeful of resolving the aforesaid issue.

6. CHANGE OF THE REGISTERED OFFICE OF THE COMPANY

The Board vide their resolution dated 17th July, 2018 have shifted the registered office of the Company from existing 2nd Floor, Lloyds Centre Point, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025 to 3rd Floor, Lloyds Centre Point, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025 with effect from 6th July, 2018.

7. EXTENSION OF TIME FOR HOLDING THE ANNUAL GENERAL MEETING

In terms of the approval received from Office of the Registrar of Companies, Mumbai, Maharashtra, the time for holding the Annual General Meeting is extended by three months i.e. upto 31st December, 2018.

8. DIVIDEND

Considering the project execution stage of the Company, the Board of Directors has not recommended any dividend for the year under review.

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9. RESERVES

Your Directors did not recommend any amount to be transferred in reserves in view of losses in the Financial Year 2017-2018.

10. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Company had Four Board meetings during the financial year under review.

11. DIRECTORS

The following Directors have resigned as per details given below:

1. Mr.Ravi Kumar Trehan Director of the Company has resigned with effect from 1st October, 2017.

2. Mr.Damodar Prahlad Agarwal Director of the Company has resigned with effect from 25th January, 2018.

3. Mr.Sankara Subramaniam Ramnath Nominee Director of the Company representing IL & FS Financial Services Limited has resigned from the Board with effect from 15th February, 2018.

4. Mr.Durga Prasad, Nominee Director of the Company representing IL & FS Financial Services Limited has resigned from the Board with effect from 16th March, 2018.

5. Ms.Tejal Kondlekar, Director of the Company has resigned with effect from 17th July, 2018.

6. Mr.Pradeep Kapoor, Director of the Company has resigned with effect from 5th September, 2018.

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7. Mr.Asesh Jyoti Dutta, Nominee Director of the Company representing IL & FS Financial Services Limited has resigned from the Board with effect from 7th September, 2018.
8. Mr.Subash Chandra, Nominee Director of the Company representing IL & FS Financial Services Limited has resigned from the Board with effect from 8th September, 2018.

The Board places on record its appreciation for contributions and guidance provided by the aforesaid Directors during their tenure as Directors of the Company.

12. DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:-

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

13. INFORMATION ABOUT THE FINANCIAL PERFORMANCE/ FINANCIAL POSITION OF THE SUBSIDIARIES/ASSOCIATES/JV

In accordance with the provisions of Section 129(3) of the Act, read with the Companies (Account) Rules, 2014, a report on the performance and financial position of the subsidiary is attached as Annexure – A to this Report.

14. PARTICULARS OF LOANS,GURANTEES,OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT,2013

Details of Loans, Guarantees and Investments covered under the Provisions of Section 186 of the companies Act 2013 are given in the notes to Financial Statements.

15. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared in accordance with the provisions of the Act, read with the Companies (Accounts) Rules, 2014 and applicable Accounting Standards.

16. ANNUAL RETURN

The extract of the Annual Return as provided under sub-section (3) of Section 92 of the Companies Act, 2013 in Form MGT-9, is attached as Annexure - B herewith and forms an integral part of this Report.

17. PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as Annexure - C and forms an integral part of this Report.

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18. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company has a "Nomination and Remuneration Committee of Directors" in place. The Committee reviews and recommend to the Board for remuneration for Directors and key Managerial personnel.

19. AUDITORS' REPORT

The observations of Auditors in their report read with notes to the accounts are self explanatory.

20. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Nishant Jawasa & Associates Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is attached herewith as Annexure-D.

21. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All related party transactions that were entered into during the year under report were on arm's length basis and were in the ordinary course of business. The details of transactions entered into with related parties are attached as Annexure-E in Form AOC-2 that forms an integral part of this Report.

22. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There have not been any material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company as on 31st March, 2018 and the date of this report.

23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, Foreign Exchange Earnings and Outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2018 is attached to this report as Annexure-F and forms an integral part of this Report.

24. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Company is aware of the risks associated with the business. It regularly analyses and takes corrective actions for managing/mitigating the same.

Some of the risks identified and been acted upon by your Company are ensuring sustainable plant operations; ensuring cost competitiveness including logistics; completion of CAPEX.

25. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

During the year under review, the Company could not undertake any CSR activities due to non-availability of net profit.

26. NOMINATION AND REMUNERATION COMMITTEE

The Company is in the process of re-constituting its Nomination and Remuneration Committee.

27. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The Company is in the process of re-constituting its Audit Committee.

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28. STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Remuneration and CSR Committee.

29. STATUTORY AUDITORS

M/s.GMJ & Co., Chartered Accountants has consented to act as the Statutory Auditors of the Company from the conclusion of Twenty-Second Annual General Meeting till the conclusion of the Twenty-Third Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company.

30. COST AUDIT

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying our audit of cost records relating to its business every year.

The Board of Directors has appointed M/s. P.M.NANABHOY & CO., Cost Accountants, as Cost Auditor to audit the cost accounts of the Company for the financial year 2018-2019 at a remuneration of Rs.1,50,000/- (Rupees One Lac Fifty Thousand only) per annum plus Good and Service tax as applicable and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

31. VIGIL MECHANISM

The Company has adopted a vigil mechanism under Section 177(9) of the Companies Act, 2013 read with rule 7 of Companies (Meeting of Board and its Power) Rules, 2014 to deal with instance of fraud and mismanagement and report genuine concerns in prescribed manner.

32. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS.

The Company has proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly.

33. DEPOSITS

Your Company has not invited any Deposits from public/shareholders in accordance with Section 73 to 76 of the Companies Act, 2013 (herein after called the Act) read with Companies (Acceptance of Deposits) Rules, 2014 made under Chapter V of the Act (herein after called 'the Rules').

34. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Entire staff in the Company is working in a most congenial manner and no case of any sexual harassment was reported during the financial year.

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35. ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

For And On Behalf of the Board of Directors

Vijay Prakash Sharma	Krishna Gopal Toshniwal
Managing Director & CEO	Executive Director
DIN: 02577738	DIN: 00980292

Place: Mumbai
Date: 11th October, 2018

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Annexure-A

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Vadraj Energy (Gujarat) Ltd. [Formerly ABG Energy (Gujarat) Ltd.]
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 201 7 to March 2018
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
4.	Share capital	1500000000
5.	Reserves & surplus	-3328869134
6.	Total assets	3802299864
7.	Total Liabilities	5631166763
8.	Investments	--
9.	Turnover	76606250
10.	Profit/(Loss) before taxation	-2129957919
11.	Provision for taxation	--
12.	Profit/(Loss) after taxation	-2129957919
13.	Proposed Dividend	--
14.	% of shareholding	76%

Notes: The following information shall be furnished at the end of the statement:
1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures			
1. Latest audited Balance Sheet Date	N/A		
2. Shares of Associate/Joint Ventures held by the company on the year end	N/A		
No.			
Amount of Investment in Associates/Joint Venture			
Extend of Holding%			
3. Description of how there is significant influence	N/A		

4. Reason why the associate/joint venture is not consolidated	N/A		
5. Net worth attributable to shareholding as per latest audited Balance Sheet	N/A		
6. Profit/Loss for the year	N/A		
i. Considered in Consolidation	N/A		
ii. Not Considered in Consolidation	N/A		

1. Names of associates or joint ventures which are yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For and on behalf of the Board

V.P. SHARMA
(Managing Director & CEO)
(DIN:02577738)

K.G.TOSHNIWAL
(Executive Director)
(DIN: 00980292)

Date : 11th October, 2018
Place of Signature : Mumbai

I.I.KHAN
(AVP-Legal & Company Secretary)
(M.No.: FCS 3449)

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Annexure-B

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018
[Pursuant to section 92(3) *of the Companies Act, 2013* and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN:- U36941MH1996PLC185707

ii) Registration Date: 26/02/1996

iii) Name of the Company: VADRAJ CEMENT LIMITED

iv) Category / Sub-Category of the Company: Company Limited by Shares/Indian Non-Government Company.

v) Address of the Registered office and contact details: 3rd Floor, Lloyds Centre Point, A.S. Marathe Road, Prabhadevi, Mumbai - 400025.

Tel:022-61489500/ Fax: 022-61489522

vi) Whether listed company: No

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:
LINK INTIME INDIA PRIVATE LIMITED
(for electronic connectivity with NSDL&CDSL):
C 101, 247 Park, LBS Marg, Surya Nagar, Gandhi Nagar,
Vikhroli West, Mumbai - 400083
Tel: 022 - 4918 6000; Email: mumbai@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1)	Clinker	3241	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

SR NO	NAME & ADDRESS OF THE COMPANY	CIN/GIN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Vadraj Energy (Gujarat) Limited [formerly ABG Energy (Gujarat) Ltd.] Survey No.186, Village Mora, Taluka Choryasi, Surat-394510	U40100GJ2009PLC058694	Subsidiary Company	76.00	Section 2(87)

2.	Saharsh Mercantile Pvt. Ltd. 2nd Floor, Bhupati Chambers 13 Mathew Road Mumbai – 400 004	U51909MH2017PTC292255	Associate Company	49.90	Section 2(6)
3	Simcement Pvt. Ltd. Flat No. 2, 1st Floor, Namrata Chs Ltd. Building No.15, Shastri Nagar Goregaon (West), Mumbai - 400 104	U26100MH2013PTC244406	Associate Company	38.65	Section 2(6)

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

i) *Category-wise Share Holding*

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
a) Individual/	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.00	
HUF b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	11,10,83,203	Nil	11,10,83,203	5.55%	11,10,83,203	Nil	11,10,83,203	5.55%	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (1):-	11,10,83,203	Nil	11,10,83,203	5.55%	11,10,83,203	Nil	11,10,83,203	5.55%	Nil

a) NRIs - Individuals b) Other–Individuals c) BodiesCorp. d) Banks / FI e) Any Other..	Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil
Sub-total (A) (2):-	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Promoter (A) =(A)(1)+(A)(2)	11,10,83,203	Nil	11,10,83,203	5.55%	11,10,83,203	Nil	11,10,83,203	5.55%	Nil
B. Public Shareholding 1. Institutions a) Mutual									
Funds b) Banks / FI c) Central	NIL 10,39,16,797	NIL	NIL 10,39,16,797	NIL 5.20%	NIL 10,39,16,797	NIL	NIL 10,39,16,797	NIL 5.20%	NIL NIL
Govt d) State	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Govt(s) e) Venture	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Capital Funds f) Insurance	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Companies g) FIIs h) Foreign	NIL NIL	NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL
Venture CapitalFunds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (Public Financial Institutions)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):-	10,39,16,797	Nil	10,39,16,797	5.20%	10,39,16,797	Nil	10,39,16,797	5.20%	Nil

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2.Non-Institutions a) Bodies Corp.									
i) Indian	178,50,00,000	Nil	178,50,00,000	89.25%	178,50,00,000	Nil	178,50,00,000	89.25%	NIL
ii) Overseas b) Individuals	NIL	Nil	NIL	NIL	NIL		NIL	NIL	NIL
i) Individual shareholders holding nominal share capital upto	NIL	Nil	Nil	Nil	NIL	NIL	Nil	Nil	NIL
Rs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(2):-	178,50,00,000	Nil	178,50,00,000	89.25%	178,50,00,000	Nil	178,50,00,000	89.25%	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	188,89,16,797	Nil	188,89,16,797	94.45%	188,89,16,797	Nil	188,89,16,797	94.45%	Nil
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	200,00,00,000	Nil	200,00,00,000	100%	200,00,00,000	Nil	200,00,00,000	100%	NIL

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(ii)Shareholding of Promoters

SL No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbere dto total shares	% change in share holding during the year
1.	ABG Cement Holdco Pvt. Ltd.	11,10,83,203	5.55	--	11,10,83,203	5.55	NIL	NIL
	Total	11,10,83,203	5.55	--	11,10,83,203	5.55	NIL	NIL

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of	No. of shares	% of total shares of the company
1.	At the beginning of the year	11,10,83,203	5.55%	--	--
	NIL	NIL	--	--	--
	At the End of the year	11,10,83,203	5.55	--	--

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year		Cumulative Shareholding during the year	
	Shareholders Name	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Simcement Pvt. Ltd.	102,00,00,000	51.00	78,70,00,000	*51.00	Nil	Nil
2.	Edelweiss Asset Reconstruction Company Ltd	52,28,25,000	26.14	Nil	Nil	Nil	Nil
3.	Styrax Commodities Ltd.	24,21,75,000	12.11	Nil	Nil	Nil	Nil
4.	IFCI Ltd.	6,39,16,797	3.20	6,39,16,797	3.20	Nil	Nil

* alongwith beneficial shareholding

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5.	Development Credit Bank Ltd.	4,00,00,000	2.00	4,00,00,000	2.00	Nil	Nil
6.	Saharsh Mercantile Pvt. Ltd.			99,80,00,000	49.90	Nil	Nil
		1,88,89,16,797	94.45%	1,88,89,16,797	94.45%	Nil	Nil
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (eg.allotment / transfer/bonus/ sweat equity etc):	1) Transfer of 52,28,25,000 equity shares to Saharsh Mercantile Pvt. Ltd. on 03.04.2017 by Edelweiss Asset Reconstruction Company Ltd. 2) Transfer of 24,21,75,000 equity shares to Saharsh Mercantile Pvt. Ltd. on 03.04.2017 by Styrax Commodities Ltd. 3) Transfer of 10,65,00,000 equity shares to Saharsh Mercantile Pvt. Ltd. on 01.04.2017 by Simcement Pvt. Ltd. 4) Transfer of 45,00,000 equity shares to Saharsh Mercantile Pvt. Ltd. on 03.04.2017 by Simcement Pvt. Ltd. 5) Transfer of 10,00,00,000 equity shares to Saharsh Mercantile Pvt. Ltd. on 29.06.2017 by Simcement Pvt. Ltd. 6) Transfer of 2,20,00,000 equity shares to Saharsh Mercantile Pvt. Ltd. on 28.09.2017 by Simcement Pvt. Ltd.					

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(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	32,39,11,19,200	98,49,27,316	4,80,00,000	33,42,40,46,515
ii) Interest due but not paid	1,29,68,98,195	-	-	1,29,68,98,195
iii) Interest accrued but not due	22,23,18,105	-	-	22,23,18,105
Total (i+ii+iii)	33,91,03,35,499	98,49,27,316	4,80,00,000	34,94,32,62,815
Change in Indebtedness during the financial year				
• Addition	3,80,67,85,844	29,90,11,331	-	4,10,57,97,175
• Reduction	-	-	-	-
Net Change	3,80,67,85,844	29,90,11,331	-	4,10,57,97,175
Indebtedness at the end of the financial year				
i) Principal Amount	35,15,70,13,517	1,28,39,38,647	4,80,00,000	36,48,89,52,164
ii) Interest due but not paid	83,00,20,899	-	-	83,00,20,899
iii) Interest accrued but not due	1,73,00,86,927	-	-	1,73,00,86,927
Total (i+ii+iii)	37,71,71,21,343	1,28,39,38,647	4,80,00,000	39,04,90,59,990

VADRAJ CEMENT LIMITED

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (Rs .in lacs)
		Mr. Vijay Prakash Sharma, Managing Director & C.E.O.	Mr. Krishna Gopal Toshniwal, Executive Director	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	278.23	100.00	378.23
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission -as % of profit -others, specify...	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total (A)	278.23	100.00	378.23
	Ceiling as per the Act			

B. Remuneration to other directors:

Sl.No.	Particulars of Remuneration	Name of Directors	Total Amount (Rs. in Lacs)
	1. Independent Directors • Fee for attending board committee meetings • Commission • Others, please specify	Nil	Nil
	Total (1)	Nil	Nil
	2. Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify	Nil	Nil
	Total (2)	Nil	Nil
	Total (B)=(1+2)	Nil	Nil
	Total Managerial Remuneration	Nil	Nil
	Overall Ceiling as per the Act	Nil	Nil

VADRAJ CEMENT LIMITED

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SL no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	Mr. Imtiaz Iqbal Khan (Company Secretary)	Total (Rs. in lacs)
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	55.32	55.32
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission as % of profit - others, specify...	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
	Total	Nil	Nil	55.32	55.32

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NOT APPLICABLE

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

VADRAJ CEMENT LIMITED

VADRAJ CEMENT LIMITED
(Formerly: ABG Cement Limited)

Annexure-C

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES

Particulars of employees as per Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended and forming part of the Directors' Report for the financial year ended 31st March, 2018 (01.04.2017 to 31.03.2018).

Sr. No	Name	Designation/ Nature of Duties	Qualification	Age (Years)	Gross Remuneration (Rs. in lacs)	Date of commencement of Employment	Total Experience	Last employment and Designation	% of equity shares held in the Company	Whether Relative of any Director or Manager of the Company
1)	Mr. Vijay Prakash Sharma	Managing Director & CEO	Master Degree in Chemistry	65	278.23	16.09.2013	41 yrs.	Dalmia Cement (Bharat) Limited, Chief Executive Officer (North and Special Projects) including Tamil Nadu	Nil	No
2)	Mr. Tarachand Jain	President – Sales & Marketing (CMO)	B.Com (Hons)	60	100.00	01.02.2018	36 yrs.	M/s. KJS Cement Ltd. Director - Marketing	Nil	No
3)	Mr. Krishna Gopal Toshniwal	Executive Director	B.Com, Chartered Accountant	60	100.00	15.08.2007	36 yrs.	Prime Textiles Ltd	Nil	No
4)	Mr. Pankaj Naik	President - Corporate Affairs	B.Com, LLB, Diploma in Marketing Management	63	91.35	01.08.2016	39 yrs.	Torrent Ltd. General Manger (Corporate Relations)	Nil	No
5)	Mr. Suryanarayan Ramadhar Choubey	Senior Vice President Commercial (CCO)	B.E (Mechanical), PGDMS	58	79.37	06-04-2011	31 yrs.	M/s.Ultratech Cement Limited (Assistant Vice President)	Nil	No
6)	Mr. Vipul Saxena	Senior Vice President - HR	PhD (Organizational Behaviour), MBA - HR, B.E – (Aero & Piping : IIT - B), Black Belt – Lean Six Sigma, TQM, TPM	54	77.70	20.12.2016	26 yrs.	Ashapura Minechem Ltd, Group Vice President – HR (Global HR Head)	Nil	No

7)	Mr. Ramawtar Sharma	Senior Vice President	AMIE (Mechanical & Chartered Engineer) and MBA (Finance & Marketing)	51	77.29	10.11.2011	26 yrs.	Prism Cement (Senior - Vice President)	Nil	No
8)	Mr. Daljeet Singh Dhanjal	Associate Vice President - Projects	MBA, Bsc	60	57.90	04.05.2009	36 yrs.	Murli Industries (General Manager)	Nil	No
9)	Mr. Imtiaz Iqbal Khan	Associate Vice President - Legal & Company Secretary	B.Com, LLB , FCS	59	55.32	30.10.2006	31 yrs.	Ceat Tyres (Deputy Company Secretary)	Nil	No
10)	Mr. Kailashchandra Soni	General Manager	B.Com, ICAI, ICSI	58	49.97	12.06.2012	33 yrs.	Matrix Fertilizers (General Manager)	Nil	No

Notes:

1. The gross remuneration shown above is subject to tax and includes Salary, Allowances, Company's Contribution to Provident Fund etc.

VADRAJ CEMENT LIMITED

A. nexure - D

Nishant Jawasa & Associates
Company Secretaries

A/103 New Ankur CHS Ltd, 32 Bhardawadi Lane, Off. J. P. Road, Andheri (W)
Mumbai – 400058. Tel: 022-26781209/ 26771289, Email: njawasa@yahoo.co.in

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

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

To,
The Members,
Vadraj Cement Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Vadraj Cement Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;
(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

(iv) We have also examined, on 'test check' basis, the relevant documents and records maintained by the Company under the Mines and Minerals (Development and Regulation) Act, 1957 and Rules thereunder which is applicable specifically to the Company.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standard – 1 and Secretarial Standard – 2 issued by The Institute of Company Secretaries of India.
(ii) Since the securities of the Company are not listed on any Stock Exchange, the provision of Listing Agreement is not applicable to the Company;

C.P. NO. 6993

We further report that the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company as the securities of the Company is not listed on any Stock Exchange;

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

We further report that, there was no action/event in pursuance of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings requiring Compliance thereof by the Company during the financial year.

We further report that the compliance by the Company of applicable financial laws like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by statutory financial auditor and other designated professionals.

We further report that based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, in my opinion, adequate system and process and control mechanism exist in the Company to monitor and ensure compliance with applicable environmental and labour laws except as reported below:

1. *The Company has not registered under Employee State Insurance Corporation Act, 1948.*
2. *The Company is not regular in depositing with appropriate authorities statutory dues including provident fund.*

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

a. *The Company requires atleast two Independent Director under sub-section (4) of Section 149 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014. Mrs. Tejal Kondlekar was re-appointed as Independent Director for the second term of one year on 30/09/2016 which expired on 30/09/2017. The Company do not have any independent director for the rest of the year.*
b. *The Company has appointed Mr. Vijay Sharma as Managing Directors at the board meetingheld on 2nd September, 2016. However, a return in Form MR-1 has not been filed as required under second proviso to sub section (4) of Section 196 of the Companies Act, 2013.*

c. *The Company has not filed board resolution for approval of financial statements and the Board's report with the ROC as required under Section 117(3) read with Section 179(3) of the Companies Act, 2013.*
d. *Since Company was not having adequate number of independent directors, the constitution of Audit Committee and Nomination and Remuneration Committee was not proper.*
e. *The Company has not appointed any Chief Financial Officer as required under Section 203 of the Companies Act, 2013.*
f. *The Company has not appointed Internal Auditors as required under Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014.*
g. *The Company has provided certain interest free loan to companies covered under section 186 of the Companies Act, 2013. These loans are not in compliance of Section 186 of the Companies Act, 2013.*
h. *The Company has provided certain loan to a company in which director of the Company is interested as provided under section 185 of Companies Act, 2013.*

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

On the basis of representation given by management we report that adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings of the Board of Directors and committees thereof all decisions were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there was no other specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except that according to meeting of bankers held on 12th July, 2018 the bankers have agreed for One Time Settlement (OTS) scheme for setting their outstanding debt at 85% of the outstanding loan amount.

Note: This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

Place: Mumbai
Date: October 11, 2018

For Nishant Jawasa & Associates
Company Secretaries

Nishant Jawasa
Proprietor
FCS-6557
C.P. No. 6993

Annexure A

To,
The Members,
Vadraj Cement Limited
Mumbai

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Vadraj Cement Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.

3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts are reflected in secretarial records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.

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

Place: Mumbai
Date: October 11, 2018

For Nishant Jawasa & Associates
Company Secretaries

Nishant Jawasa
Proprietor
FCS-6557
C.P. No. 6993

VADRAJ CEMENT LIMITED

Annexure-E

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. Nil

SL. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Nil
2.	Nature of contracts/arrangements/transaction	Nil
3.	Duration of the contracts/arrangements/transaction	Nil
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
5.	Justification for entering into such contracts or arrangements or transactions'	Nil
6.	Date of approval by the Board	Nil
7.	Amount paid as advances, if any	Nil
8.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Nil

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Vadraj Energy (Gujarat) Ltd. [Formerly ABG Energy (Gujarat) Ltd.] - Subsidiary Company
2.	Nature of contracts/arrangements/transaction	For Purchase of Power
3.	Duration of the contracts/arrangements/transaction	Continuous
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	As per Power Purchase Agreement (PPA)
5.	Date of approval by the Board	30.04.2012
6.	Amount paid as advances, if any	Nil

Annexure-F

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

The information under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2018 is given here below and forms part of the Directors' Report.

(A) Conservation of energy-

(i) The steps taken or impact on conservation of energy;

The Manufacturing Equipment selected are High Energy efficient. Fans being major Energy consumption equipment are driven through energy efficient variable voltage variable frequency drives.

(ii) The following additional steps taken or impact on conservation of energy;

a) provided interlocks in plant PLC to avoid idle running of plant equipments,

b) false air leakages arrested to reduce compressors loading hours.

c) packing area also interlocks provided to avoid idle running of packers and loading belts when trucks are not placed under loaders as well as starting loading systems after accumulation of trucks.

(iii) The steps taken by the company for utilising alternate sources of energy;

Since plant is not in continuous operation, proposed implementation for utilizing alternate energy source could not be implemented. With continuous operation of plant steps will be taken for utilizing alternate energy source.

(iv) The capital investment on energy conservation equipments;

At the time of project planning & execution capital investment is done.

VADRAJ CEMENT

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(B) Technology absorption-

(i) The efforts made towards technology absorption;

Latest available Technology is in use.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution;

Since plant is not in continuous operation such benefits are not calculable.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) the details of technology imported; **Not Applicable**

(b) the year of import; **Not Applicable**

(c) whether the technology been fully absorbed; **Not Applicable**

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and **Not Applicable**

(iv) the expenditure incurred on Research and Development.

Nil, Research & Development yet to be started.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars	31st March, 2018 (01.04.2017 to 31.03.2018) Amount (Rs. in Lakhs)	31st March, 2017 (01.04.2016 to 31.03.2017) Amount (Rs. in Lakhs)
Earnings:	653.23	3830.07
Outgo :	-	316.55

GMJ & Co
Chartered Accountants
3rd & 4th Floor, Vaastu Darshan,
'B'wing, Above Central Bank of India,
Azad Road, Andheri (East),
Mumbai - 400 069.
Tel : 022- 6191 9293 / 222 /200
Fax : 022- 2684 2221 / 6191 9256
E-mail : admin@gmj.co.in
info@gmj.co.in

Independent Auditor's Report

To
The Members of,
Vadraj Cement Limited
(Formerly known as ABG Cement Limited)

Report on the Standalone Ind AS Financial Statements

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

Management's Responsibility for the Standalone Ind AS Financial Statements

1. The Company's Board of Directors is responsible for the preparation of these Standalone Ind AS financial statements in terms of the requirements of Section 134(5) of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder.

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

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

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

GMJ & CO. MUMBAI FRN NO. 103429W

4. We have conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

   An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

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

Basis of Qualified Opinion:

i. As depicted in Note no. 5 (A) to the Standalone Ind AS financial statements, the Company has carried investment in Vadraj Energy (Gujarat) Limited, Subsidiary Company, amounting to INR 12,336.87 lakhs in equity shares and INR 4,554.20 lakhs in zero coupon unsecured fully convertible debentures for which the management has provided INR 4,222.77 lakhs as impairment allowance for both the investments on the basis of estimated recoverable value.

   As per the Audited financial statement of Vadraj Energy (Gujarat) Limited as at March 31, 2018, the Net worth is negative, the Company has incurred cash losses and its cash flows are under stress. We are unable to comment on the recovery of INR 12,668.30 lakhs as estimated by the management.

ii. As depicted in Note no.5 (B) to the Standalone Ind AS financial statements, interest free unsecured loans of INR 2,117.51 lakhs given to a related party, is outstanding for a long time. On the basis of an internal evaluation, the management has provided INR 529.38 lakhs as loss allowance on the basis of estimated recoverable value.

   In the absence of recovery and confirmation/communication from the party, we are unable to comment on the recovery of INR 1,588.13 lakhs as estimated by the management.

iii. As depicted in Note no. 10 to the Standalone Ind AS financial statements, the Company has provided for loss of INR 10,065.30 lakhs in respect of capital advances and INR 64.00 lakhs in respect of advances to supplier as doubtful of recovery. In the absence of confirmations from suppliers, evidence on resumption of company's operations and its plan to procure capital goods, goods and services against these advances, we are unable to comment on the estimate of provision made by management and recoverability of the balance advances of INR 39,688.08 lakhs.

iv. The Company's Internal Controls and compliances with policies and procedures needs to be strengthened with respect to recoverability of loans and advances given and timely payment of statutory dues and consolidating the information from remote location and reconciliation of accounts. We are unable to ascertain its impact, if any on the statement in respect of the above matters.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the 'Basis of qualified opinion' paragraph above, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS , of the state of affairs of the Company as at March 31, 2018, and its financial performance including other comprehensive income, the changes in equity and its cash flows for the year then ended.

Emphasis of Matters

i. We draw attention to Note no. 39 wherein Management has prepared Standalone Ind AS financial statements on going concern basis in spite of following facts and circumstances:

a) The company has reported loss after tax of INR 1,59,529.93 lakhs during the year and net liabilities exceeds net assets by INR 1,11,287.44 lakhs;
b) Lenders have declared the company's Assets as a Non-Performing Asset.
c) Legal proceedings are pending before Judicial Authorities seeking compensations and winding up of the Company;

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

ii. We draw attention to Note No. 5(A) with respect to Investments in Equity shares of Vadraj Energy (Gujarat) Limited (VEGL), a subsidiary company. IFCI, the other shareholder of VEGL, which is holding 3,60,00,000 equity shares of face value of INR 10 each had exercised a put option during the year ended April 1st, 2015 , for sale of such shares to the promoter (Vadraj Cement Limited). Due to pendency of settlement, IFCI has initiated legal proceedings against the company. Pending the outcome, the possible impact of the same on Standalone Ind AS financial statements cannot be ascertained.

iii. The Company is irregular in depositing its statutory dues such as Provident Fund, Professional Tax, Service Tax and Income Tax Deducted at Source on timely basis, due to which the company may be liable for penal consequences under the respective laws.

iv. Some creditors have filed petition for winding up / initiated legal proceedings against the company, which may result in compensation, interest and penalties. The possible impact of the same on financial statements cannot be ascertained.

v. As depicted in Note 12 to the Standalone Ind AS Financial Statement, during the year, the Company has defaulted in repayment of borrowings and interest thereon and the lenders have classified the

Re: Vadraj Cement Limited

Annexure 'A' to the Independent Auditors' Report

(Referred to in paragraph 7 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which it is verified in a phased manner over a period of three years, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.

(c) According to the information and explanation given to us and on the basis of our verification, title deeds of all immovable properties are held in the name of the company except Freehold land (at Thumdi) – Gross Block Rs. 22.87 Lakhs & Net Block Rs. 22.87 Lakhs.

ii. According to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies noticed between the book records and physical inventory.

iii. The Company has not granted any loan, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of Clause (iii)(a), (iii)(b) and (iii)(c) of paragraph 3 of the Order are not applicable to the Company.

iv. In our opinion, on the basis of information and explanations given to us, during the year, the company has granted loan to Directors and a Company in which Director is interested under section 185 of the Companies Act, 2013. The maximum amount outstanding during the year and the amount outstanding as at the balance sheet date of such loan is INR 2,282.27 Lakhs.

Attention is drawn to Note no. 5(B) to the Standalone Ind AS Financial statements, wherein the Company has granted loan to a Company under section 186 of the Companies Act, 2013, in respect of which no interest has been charged, which is not in compliance with the provisions of section 186 of the Companies Act, 2013. The maximum amount outstanding during the year and the amount outstanding as at the balance sheet date of such loan is INR 2,282.27 Lakhs.

The company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of Investments, Guarantees and Securities, wherever applicable.

v. In our opinion and on the basis of information and explanations given to us, the company has accepted deposit from relative of a director and prima facie not complied with the provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under.

vi. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, 2013 and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

vii. (a) On the basis of examination of records and documents and the information and explanations given to us, in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, wealth tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have not been regularly deposited with the appropriate authorities and there have been delays in a large number of cases. The Company is not registered under Employee State Insurance Corporation Act, 1948 (ESIC).

The undisputed amounts payable in respect of the aforesaid dues which were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable, are listed below :

(Rs. In Lakhs)

Name of Statute	Nature of Dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Date of Payment
Income Tax Act, 1961	Tax Collected at Source	0.48	F.Y. 2012-13 to F.Y. 2017-18	Not Paid
	Tax Deducted at Source	989.41	F.Y. 2012-13 to F.Y. 2017-18	Not Paid
Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975	Professiona l Tax	25.87	F.Y. 2013-14 to F.Y. 2017-18	Not Paid
The Employees' Provident Fund And Miscellaneous Provisions Act, 1952	Provident Fund	117.52	F.Y. 2013-14 to F.Y. 2017-18	Not Paid
Labour Welfare Fund Act	Labour welfare fund	0.37	F.Y. 2013-14 to F.Y. 2017-18	Not Paid
The Finance Act, 1994	Service tax	50.31	F.Y. 2015-16 to F.Y. 2017-18	Not Paid
The Maharashtra Value Added Tax Act, 2002	MVAT	30.96	F.Y. 2016-17	Not Paid
GST Act	GST	3.21	F.Y. 2017-18	Not Paid
State Tax Act (Gujarat)	Cess on Mining	25.91	F.Y. 2014-15 to F.Y. 2016-17	Not Paid

*** Exclusive of interest**

(b) On the basis of examination of records and documents and the information and explanations given to us, the following are the particulars of the dues that have not been deposited on the account of dispute.

GMJ & CO MUMBAI

Name of the Statute	Nature of the Dues	Amount (Rs. in Lakhs)	Forum where dispute is pending	Financial year to which the amount relates
Income Tax Act, 1961	Income Tax	4,745.16	Commissioner of Income Tax (Appeals)	F.Y. 2011-12

viii. Attention is drawn to Note no. 14 to the Standalone Ind AS financial statements. On the basis of examination of records and documents and the information and explanations given to us, the Company has defaulted in repayment of dues to banks during the year under audit. There are no loans or borrowings from Financial Institutions and the Government. Further, there has been no default in repayment of debentures. The period and amount of defaults are as under:

(Rs. In Lakhs)

Name of Lender	Principal Default	Period of Default (days)
Banks		
Union Bank of India	58.23	181
Indian Overseas Bank	59.26	181
Punjab National Bank	80.59	89
Corporation bank	61.05	364
Central Bank of India	65.06	181
Oriental Bank of Commerce	12.71	273
Dena Bank	16.09	181
United Bank	10.46	89
Bank of India	4,427.15	1551
UCO Bank	9,309.50	1551

*Borrowings has been categorised as NPA by lenders as at March 31, 2018.

ix. On the basis of examination of records and documents and the information and explanations given to us during the year the company has not raised money by way of initial public offer or further public offer and the term loans have been applied for the purposes for which they were obtained.

x. On the basis of the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the year.

xi. On the basis of examination of records and documents and the information and explanations given to us, the Company has not paid or provided any managerial remuneration during the year. Therefore, the provisions of clause (xi) of paragraph 3 of the Order are not applicable to the Company.

xii. As the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.

xiii. On the basis of the information and explanation given to us all transactions with the related parties are in compliance with Section 188 of the Companies Act, 2013. However, as the Audit Committee was not constituted for the whole year, some of the transactions have not been approved under section 177 of Companies Act, 2013. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures.

xiv. On the basis of examination of records and documents and the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.

xv. On the basis of examination of records, documents and the information and explanations given to us, the Company has entered into non-cash transactions with directors or persons connected with directors during the year, for which the provisions of Section 192 of the Act, have not been complied with.

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

For GMJ & Co
Chartered Accountants
Firm No. 103429W

(CA Sanjeev Maheshwari)
M. No. 038755

Place: Mumbai
Date : October 11, 2018

We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the Financial Statements of the company as of March 31, 2018 and these material weakness do not affect our opinion on the Financial Statements of the Company.

For GMJ & Co
Chartered Accountants
Firm No. 103429W

(CA Sanjeev Maheshwari)
M. No. 038755

Place: Mumbai
Date : October 11, 2018

(1)

VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
BALANCE SHEET AS AT MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	Notes	March 31, 2018	March 31, 2017
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	172,019.00	191,090.23
(b) Capital Work-in-Progress	3	79,519.82	151,264.23
(c) Intangible Assets	4	123.43	150.18
(d) Financial Assets			
(i) Investments	5	12,668.30	16,891.07
(ii) Other Financial Assets	5	12.10	98.26
(e) Deferred Tax Asset (Net)	11	-	-
(f) Other Non-Current Assets	10	29,333.12	39,646.70
		293,675.77	399,140.67
Current assets			
(a) Inventories	6	5,951.84	4,624.77
(b) Financial Assets			
(i) Trade Receivables	7	31.93	349.19
(ii) Cash and Cash Equivalents	8	239.37	262.79
(iii) Bank Balances Other than (ii) above	9	3,614.73	1,810.86
(iv) Loans	5	1,588.13	5,765.50
(v) Other Financial Assets	5	268.74	160.78
(d) Other Current Assets	10	13,759.51	11,079.99
		25,454.25	24,053.88
(e) Assets classified as held for sale	19	616.42	616.41
		26,070.67	24,670.29
TOTAL		319,746.44	423,810.96
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	12	200,000.00	200,000.00
(b) Other Equity	13	(311,287.44)	(151,781.30)
		(111,287.44)	48,218.70
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	315,227.97	307,742.39
(b) Provisions	18	222.66	231.37
		315,450.63	307,973.76
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	32,220.94	14,738.61
(ii) Trade Payables	16		
Micro, Small and Medium Enterprises		71.68	71.27
Others		20,241.30	17,304.36
(iii) Other Financial Liabilities	15	48,819.71	32,474.98
(b) Other Current Liabilities	17	14,082.54	2,927.32
(c) Provisions	18	147.08	101.96
		115,583.25	67,618.50
TOTAL		319,746.44	423,810.96

Significant Accounting Policies and Notes forming part of the Financial Statements 1 to 41

As per our report of even date
For GMJ & Co
Chartered Accountants
F.R.No. 103429W

GMJ & CO. MUMBAI FRN. NO. 103429W CHARTERED ACCOUNTANTS

CA S. Maheshwari
Partner
M. No. 038755

For and on behalf of the board

V.P. SHARMA
(M.D. and CEO)
(DIN: 02577738)

K. G. TOSHNIWAL
(Executive Director)
(DIN: 00980292)

I.I. KHAN
(AVP - Legal & Secretarial)
(M.No.: FCS 3449)

Date: October 11, 2018

Place: Mumbai

20

VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	Notes	2017-18	2016-17
REVENUE			
Revenue from operations	20	8,826.25	8,535.83
Other Income	21	192.12	534.77
Total Revenue (I)		9,018.37	9,070.60
EXPENSES			
Cost of materials consumed	22	5,110.85	6,633.18
Changes in inventories of finished goods & work-in-progress	23	(573.60)	(500.06)
Employee benefits expense	24	3,556.78	3,230.19
Finance costs	25	44,563.89	29,457.42
Depreciation and amortisation expense	26	9,247.88	10,322.94
Impairment Allowance	3,5 & 10	96,140.87	-
Other expenses	27	7,772.68	6,646.82
Power & Fuel		2,610.43	3,276.72
Excise duty		118.53	961.74
Total Expenses (II)		168,548.30	60,028.96
Profit/(loss) before exceptional items and tax (I-II)		(159,529.93)	(50,958.36)
Exceptional Items		-	-
Profit/(loss) before tax		(159,529.93)	(50,958.36)
Tax expense:			
Current tax		-	-
Adjustment of tax relating to earlier years		-	-
Deferred tax		-	-
Profit/(Loss) for the year		(159,529.93)	(50,958.36)

OTHER COMPREHENSIVE INCOME			
Other Comprehensive income not to be reclassified to statement of profit and loss in subsequent years:			
Remeasurement of gains (losses) on defined benefit plans		24.19	(18.51)
Other Comprehensive income for the year, net of tax		24.19	(18.51)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(159,505.74)	(50,976.87)

Earnings per share			
Basic and diluted EPS	28	(7.98)	(2.75)

Significant Accounting Policies and Notes forming part of the Financial Statements 1 to 41

As per our report of even date
For GMJ & Co
Chartered Accountants
F.R.No. 103429W

CA S. Maheshwari
Partner
M. No. 038755

GMJ & CO. MUMBAI FRN. NO. 103429W CHARTERED ACCOUNTANTS

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I.J. KHAN
(AVP - Legal & Secretarial)
(M.No.: FCS 3449)

Date: October 11, 2018

Place: Mumbai

VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss before tax	(159,529.93)	(50,958.36)
Adjustments for:		
Depreciation and amortisation expense	9,247.88	10,322.94
Impairment allowance on PPE	81,788.80	-
Impairment allowance on Investments	4,222.77	
Impairment allowance on Other assets	10,129.30	
Loss allowance on financial assets	529.59	
Other allowances	440.69	
Prior period items	(0.40)	(8.13)
Financial Guarantee income	-	(319.38)
Interest income	(158.18)	(147.35)
Finance costs	44,563.89	29,457.42
Foreign Exchange Fluctuation (Gain) / Loss	27.41	52.14
Change in operating assets and liabilities:		
(Increase)/decrease in trade receivables	289.64	(398.10)
(Increase)/decrease in inventories	(1,327.08)	943.53
(Increase)/decrease in other financial assets	(11.36)	1,001.42
(Increase)/decrease in other assets	(2,807.97)	1,022.56
(Increase)/decrease in other bank balances	(1,803.87)	(292.41)
Increase/(decrease) in trade payables	2,916.35	288.14
Increase/(decrease) in provisions	60.57	27.49
Increase/(decrease) in other financial liabilities	(0.00)	480.00
Increase/(decrease) in other liabilities	11,155.22	716.74
Cash generated from/(used in) operations	**(266.69)**	**(7,811.36)**
Less: Income taxes paid	(14.78)	(12.75)
Net cash flow from/ (used in) operating activities	**(251.91)**	**(7,798.61)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(82.35)	(41,221.46)
Interest received	147.74	151.49
Loans (to) repaid by related party	(331.00)	(4,223.50)
Net cash flow from/ (used in) investing activities	**(265.61)**	**(45,293.47)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issues of shares	-	50,000.00
Proceeds from borrowings	6,659.46	76,731.62
Repayment of borrowings	(1,094.77)	-
Net change in current borrowings	21,482.34	(65,110.09)
Interest paid	(26,552.94)	(8,366.12)
Net cash flow from/ (used in) financing activities	**494.09**	**53,255.42**
Net increase/ (decrease) in cash and cash equivalents	(23.43)	163.34
Cash and Cash Equivalents at the beginning of the year	262.79	99.46
Cash and Cash Equivalents at end of the year	**239.37**	**262.79**

GMJ & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

Reconciliation of cash and cash equivalents as per the statement of cash flow : Cash and cash equivalents stated as above comprise of the following:		
Balances with banks in current accounts	233.68	259.89
Cash in hand	5.69	2.90
Balances per statement of cash flows	239.37	262.79

Significant Accounting Policies and Notes forming part of the Financial Statements 1 to 41

As per our report of even date
As per our report of even date
For GMJ & Co
Chartered Accountants
F.R.No. 103429W

GMJ & CO. MUMBAI FRN. NO. 103429W CHARTERED ACC

CA S. Maheshwari
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M. No. 038755

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(M.D. and CEO)
(DIN: 02577738)

K. G. TOSHNIWAL
(Executive Director)
(DIN: 00980292)

I.I. KHAN
(AVP - Legal & Secretarial)
(M.No.: FCS 3449)

Date: October 11, 2018

Place: Mumbai

VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2018

A Equity Share Capital

(Amount in INR Lakhs)

Particulars	Balance at the Beginning of the year	Changes in Equity share capital during the year	Balance at the end of the year
March 31, 2017			
Numbers	2,000,000,000	-	2,000,000,000
Amount	200,000	-	200,000
March 31, 2018			
Numbers	2,000,000,000	-	2,000,000,000
Amount	200,000	-	200,000

B Other Equity

(Amount in INR Lakhs)

Particulars	Retained Earnings	Property, Plant and Equipment Reserve	Total
As at March 31, 2016	(142,760.09)	38,857.66	(103,902.43)
Profit/(Loss) for the year	(50,958.36)	-	(50,958.36)
Other comprehensive income	(18.51)	-	(18.51)
Total comprehensive income for the year	(50,976.87)	-	(50,976.87)
Adjustment of prior period errors	(8.13)	-	(8.13)
Financial guarantee from shareholders	3,106.13	-	3,106.13
As at April 1, 2017	(190,638.96)	38,857.66	(151,781.30)
Profit/(Loss) for the year	(159,529.93)	(5,978.15)	(165,508.08)
Other comprehensive income	24.19	-	24.19
Total comprehensive income for the year	(159,505.74)	(5,978.15)	(165,483.89)
Adjustment of prior period errors	(0.40)	-	(0.40)
Reclassified to Statement of profit and loss	5,978.15	-	5,978.15
As at March 31, 2018	(344,166.94)	32,879.51	(311,287.44)

Significant Accounting Policies and Notes forming part of the Financial Statements 1 to 41

As per our report of even date
For GMJ & Co
Chartered Accountants
F.R.No. 103429W

GMJ & CO. MUMBAI FRN. NO. 103429W CHARTERED ACCOUNTANTS

CA S. Maheshwari
Partner
M. No. 038755

For and on behalf of the board

V.P. SHARMA
(M.D. and CEO)
(DIN: 02577738)

K. G. TOSHNIWAL
(Executive Director)
(DIN: 00980292)

I.I. KHAN
(AVP - Legal & Secretarial)
(M.No.: FCS 3449)

VADRAJ CEMENT LIMITED

Date: October 11, 2018

Place: Mumbai

1 Corporate Information

The statements comprise financial statements of Vadraj Cement Limited for the year ended March 31, 2018. The company is an unlisted public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the company is located at 2nd Floor, Llyods Centre Point, A.S. Marathe Road, Prabhadevi, Mumbai 400025.

The Company is principally engaged in the production of Cement and related products.
The financial statements were authorised for issue in accordance with a resolution of the directors on October 11, 2018.

2 Significant Accounting Policies

a) Basis of preparation

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies(Indian Accounting Standards)(Amendment) Rules, 2016 and the other provisions of the Act.

The financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b) Use of estimates and critical accounting judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

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

(i) Impairment of non - financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used

(ii) Impairment of investments

The Company reviews its carrying value of investments carried at cost / amortised cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(iii) Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

GMJ & CO. MUMBAI FRN. 103429W CHARTERED ACCOUNTANTS

(iv) Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

(v) Defined benefit plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(vi) Provisions and Contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value unless the effect of time value of money is material and are determined based on best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements.

c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit and Loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

d) Property, plant and equipment (PPE)

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE. Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

Expenditure during construction period:

Expenditure/ Income during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

Depreciation methods, estimated useful lives and residual value

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company.

The Company has componentised its PPE and has separately assessed the life of major components. In case of certain classes of PPE, the Company uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management's best estimation of obtaining economic benefits from those classes of assets.

Such classes of assets and their estimated useful lives are as under:

Class	Useful life
Plant and Machinery	18 years

GMJ & CO. MUMBAI FRN. NO. 103429W CHARTERED ACCOUNTANTS

VADRAJ CEMENT LIMITED

Depreciation on additions is provided on a pro-rata basis from the date of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the month preceding the date of deduction/disposal.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss.

e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment, if any. The Company determines the amortisation period as the period over which the future economic benefits will flow to the Company after taking into account all relevant facts and circumstances. The estimated useful life and amortisation method are reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

Amortisation methods and periods

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Computer software	5 years

f) Non-current assets (or disposal groups) classified as held for disposal:

Assets are classified as held for disposal and stated at the lower of carrying amount and fair value less costs to sell.

To classify any Asset as "Asset held for disposal" the asset must be available for immediate sale and its sale must be highly probable. Such assets or group of assets are presented separately in the Balance Sheet, in the line "Assets held for disposal". Once classified as held for disposal, intangible assets and PPE are no longer amortised or depreciated.

g) Impairment

At the end of each reporting period, the Company reviews the carrying amounts of Property, Plant and Equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised immediately in Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

h) Inventories

Inventories are valued at the lower of cost and net realisable value(NRV).

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, fuel, stores and spare parts and packing materials : cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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i) **Borrowing costs**

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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

j) **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

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, is disclosed as a contingent liability. Contingent liabilities are also 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 uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

k) **Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured taking into account contractually defined terms and excluding taxes or duties collected on behalf of the government.

(i) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of allowances and cash discounts.

(ii) Interest Income

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

(iii) Dividend income

Revenue is recognised when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

l) **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as Operating Leases.

Operating Lease: Lease rentals are charged or recognised in the Statement of Profit and Loss on a straight-line basis over the lease term, except where the payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

m) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

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(ii) Post-employment obligations

Defined contribution plans

Payments to defined contribution plan 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 obligation under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Defined benefit plans

For defined benefit retirement schemes the cost of providing benefit is determined using the projected unit credit method, with acturial valuation being carried out at each balance sheet date. Remeasurement gain 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 liability/(asset) is treated as a net expense within employment cost.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefit 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.

(iii) Other long-term employee benefit obligations

Compensated absences

Compensated absences which are not to occur within twelve months after the end of the period in which the employee renders the related service are recognised based on acturial valuation at the present value of the obligation as on reporting date.

n) Taxes

(i) Current Income tax

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

Current income tax relating to items recognised outside Statement of Profit and Loss is recognised either in other comprehensive income (OCI) or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Advance taxes and provisions for current income taxes are presented in balance sheet after off setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on net basis.

The Company recognises interest levied and penalties related to income tax assessments in Finance Cost.

(ii) Deferred tax

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

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and there are legally enforceable right to set off current tax assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future economic tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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o) **Financial Instruments**

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

i) **Financial Assets**

Initial Recognition

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

Classification and Subsequent Measurement: Financial Assets

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

The entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

(i) Amortised Cost

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Fair Value through OCI

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

- the financial asset is 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.

(iii) Fair Value through Profit or Loss (FVTPL)

A financial asset shall be classified and measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

ii) **Financial Liabilities**

Initial recognition

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

Classification and Subsequent Measurement: Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

(i) Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or Losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

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(ii) Other Financial Liabilities
Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

p) Investment in Subsidiary
The Company's investment in its Subsidiary is carried at cost.

q) Cash and cash equivalents
Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

r) Financial liabilities and equity instruments
Classification as debt or equity
Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue cost.

s) Government Grants
Government grants, related to assets, are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises the related costs for which the grants are intended to compensate.

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Duty drawback is recognised as income in the period in which the conditions attahced to the scheme are complied and collectability of the duty is certain.

t) Segment Reporting - Identification of Segments
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

u) Current/non current classification
The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

v) Rounding of amounts
All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakh as per the requirement of Schedule III, unless otherwise stated.

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VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

3. PROPERTY, PLANT AND EQUIPMENT

(Amount in INR Lakhs)

Particulars	Free hold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Computer Hardwares	Vessels	Total	Capital Work in Progress
GROSS CARRYING VALUE										
As at April 1, 2016	60,200.38	42,226.06	108,074.29	603.41	206.70	167.73	73.62	108.82	211,661.01	142,673.41
Additions	-	-	-	16.15	-	2.18	2.28	-	20.61	8,590.82
Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2017	60,200.38	42,226.06	108,074.29	619.56	206.70	169.91	75.90	108.82	211,681.62	151,264.23
Additions	-	-	6.64	9.80	-	3.21	0.39	-	20.03	174.25
Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	60,200.38	42,226.06	108,080.93	629.35	206.70	173.12	76.30	108.82	211,701.65	151,438.48
ACCUMULATED DEPRECIATION/IMPAIRMENT										
As at April 1, 2016	-	3,005.14	7,087.47	72.51	47.24	54.63	31.11	11.55	10,309.65	-
Depreciation for the year	-	3,005.14	7,043.34	121.44	43.56	33.75	22.96	11.55	10,281.74	-
Impairment Loss for the year	-	-	-	-	-	-	-	-	-	-
Deductions/Adjustments during the year	-	-	-	-	-	-	-	-	-	-
As at March 31, 2017	-	6,010.28	14,130.81	193.95	90.80	88.38	54.07	23.10	20,591.39	-
Depreciation for the year	-	2,017.26	7,043.66	72.92	41.73	29.35	4.66	11.55	9,221.13	-
Impairment Loss for the year	5,978.15	3,622.68	-	269.31	-	-	-	-	9,870.14	71,918.66
Deductions/Adjustments during the year	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	5,978.15	11,650.22	21,174.47	536.18	132.53	117.72	58.73	34.65	39,682.66	71,918.66
Net Carrying value as at March 31, 2018	54,222.23	30,575.84	86,906.46	93.17	74.17	55.39	17.57	74.17	172,019.00	79,519.82
Net Carrying value as at March 31, 2017	60,200.38	36,215.78	93,943.48	425.61	115.90	81.53	21.83	85.73	191,090.23	151,264.23

Notes:

I. Property, Plant and Equipment given as security against borrowings by the company

Entire Property Plant and Equipment are given as first charge security against borrowings by the company.

II. Borrowing Cost Capitalised

The amount of borrowing cost capitalised during the year ended March 31, 2018 is Nil (March 31, 2017 INR 7,653.35 Lakhs) due to suspension of construction activities at Surat plant. The rate used to determine the amount of borrowing costs eligible for capitalisation is the effective interest rate of the specific and general borrowings.

iii. Details of Capital work in progress (CWIP) :

Capital work in progress mainly comprises cement manufacturing unit being constructed at Surat.

The details of capital work in progress is as follows:

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VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	March 31, 2018	March 31, 2017
i) Capital Work in Progress		
CWIP- Buildings - Factory	4,231.18	4,225.31
CWIP- Buildings - Others	18,191.47	18,191.47
CWIP- Plant & Machinery	55,022.69	54,854.31
CWIP- Lab Equipment / Electrical Installations	16.66	16.66
CWIP- Roads, Bridges and Fences	32.20	32.20
CWIP- Office Equipments	1.80	1.80
	77,496.00	77,321.75
ii) Preoperative Expenses		
Travelling, Lodging and Boarding	81.66	81.66
Finance Charge	47,268.87	47,268.87
Personnel Cost	3,176.88	3,176.88
Community Development Expenses	0.25	0.25
Professional and Technical Fees	217.01	217.01
Vehicle Repair and Maintenance	30.16	30.16
Site Expenses and Other Expenses	23,167.65	23,167.65
	73,942.48	73,942.48
Less: Impairment Allowance	(71,918.66)	-
	79,519.82	151,264.23

Due to suspension of plant construction activities, no further major capitalisation has been done during the year ended March 31, 2018 (March 31, 2017 : INR 8,590.82 Lakhs) in accordance with Ind AS 16.

iv. Impairment Loss

During the year ended March 31, 2018, the impairment loss of INR 81,788.80 Lakhs (March 31,2017 : NIL) represented the write down value of capital work in progress to the extent of INR 71,918.66 Lakhs, Land to the extent of INR 5,978.15 Lakhs, Building to the extent of INR 3,622.68 Lakhs and furniture and fixture to the extent of INR 269.31 Lakhs to the recoverble amount of the asset as a result of additional wear and tear due to prolonged suspension of construction activities. This is recognised in the statement of profit and loss. The recoverble amount as at March 31, 2018 is based on estimated realisable value of the assets less cost to sell. Realisable value of these assets are based on the independent valuation report obtained from valuation expert by the Company.

The fair value of in-progress plant, land, building and furniture and fixture was determined using the market approach. This is Level 2 measurement as per the fair value heirarchy set out in the fair value measurement disclosure. The key inputs under this approach are the market price of the comparable asset of the similar nature and location.

v. Contractual Obligations

Refer Note 30 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

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4. INTANGIBLE ASSETS

(Amount in INR Lakhs)

Particulars	Mining Rights	Computer Software	Total
GROSS CARRYING VALUE			
As at April 1, 2016	117.26	119.67	236.93
Additions	-	-	-
Deletions	-	-	-
Other Adjustments			-
As at March 31, 2017	117.26	119.67	236.93
Additions	-	-	-
Deletions	-	-	-
Other Adjustments	-	-	-
As at March 31, 2018	117.26	119.67	236.93
ACCUMULATED AMORTISATION AND IMPAIRMENT			
As at April 1, 2016	4.34	41.21	45.55
Amortisation for the year	4.34	36.86	41.20
Impairment	-	-	-
Deductions\Adjustments during the period	-	-	-
As at March 31, 2017	8.68	78.07	86.75
Amortisation for the year	4.34	22.41	26.75
Impairment	-	-	-
Deductions\Adjustments during the period	-	-	-
As at March 31, 2018	13.02	100.48	113.50
Net Carrying value as at March 31, 2018	104.24	19.19	123.43
Net Carrying value as at March 31, 2017	108.58	41.60	150.18

Mining Rights

Mining rights represent land acquire on lease for extraction of limestone and has been treated as Intangible Asset and the price paid to acquire such mining rights for the mine site are amortised over the life of mining agreement.

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VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5. FINANCIAL ASSETS

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
(A) INVESTMENTS		
Investments carried at Cost		
Unquoted		
(a) Investments in Equity Instruments*		
113,999,994 (March 31, 2017: 113,999,994) Equity Shares in Vadraj Energy (Gujarat) Limited of INR 10 each fully paid-up	12,336.87	12,336.87
(b) Investments in convertible debentures (in the nature of equity)		
45,54,198 (March 31, 2017: 45,54,198) Zero Coupon unsecured fully convertible debentures in Vadraj Energy (Gujarat) Limited of INR 100 each fully paid-up	4,554.20	4,554.20
	16,891.07	16,891.07
Less : Impairment Allowance	(4,222.77)	-
Total	12,668.30	16,891.07
Aggregate amount of quoted investments	-	-
Market value of quoted investments	-	-
Aggregate amount of unquoted investments	16,891.07	16,891.07
Aggregate amount of impairment in the value of investments	4,222.77	-
Investments carried at cost	12,668.30	16,891.07
* The other shareholder which is IFCI Limited holding 36,000,000 equity shares of face value of INR 10 each in the subsidiary ABG Energy (Gujarat) Limited had exercised a put option during the year ended April 1, 2015 for sale of such shares to the promoters. The shareholding has not changed till March 31, 2018.		
(B) LOANS		
Current		
Unsecured, considered good unless otherwise stated		
Loans to Related Parties (Refer Note 31)	2,117.51	5,765.50
Less : Loss Allowance	(529.38)	-
Total	1,588.13	5,765.50
(C) OTHER FINANCIAL ASSETS		
Non Current		
Financial assets carried at amortised cost		
Other Security Deposits	12.10	98.26
Total	12.10	98.26
Current		
Financial assets carried at amortised cost		
Security Deposits - Others	142.94	35.11
Interest accrued and due	125.80	125.67
Total	268.74	160.78

6. INVENTORIES

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
(Valued at lower of Cost and Net Realisable value)		
Coal and others	1,013.95	284.07
Stores and Spares	3,731.19	3,707.60
Work-in-progress	898.31	28.40
Finished goods	308.39	604.70
Total	5,951.84	4,624.77

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(Amount in INR Lakhs)

7. TRADE RECEIVABLES

Particulars	March 31, 2018	March 31, 2017
Current		
Trade Receivables	31.93	349.19
	31.93	349.19
Breakup of Security details		
Unsecured, considered good	32.24	349.30
	32.24	349.30
Loss Allowance (Allowance for bad and doubtful debts)		
Unsecured, considered good	0.32	0.11
	0.32	0.11
	31.93	349.19

8. CASH AND CASH EQUIVALENTS

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Balances with banks in current accounts	233.68	259.89
Cash in hand	5.69	2.90
	239.37	262.79

9. OTHER BANK BALANCES

Particulars	March 31, 2018	March 31, 2017
Deposits with banks as security against borrowings	3,612.58	1,779.45
Balances held in escrow accounts with banks	2.15	31.41
	3,614.73	1,810.86

10. OTHER ASSETS

Particulars	March 31, 2018	March 31, 2017
Non Current		
Capital Advances *	39,079.90	39,377.84
Less : Impairment Allowance	(10,065.30)	-
	29,014.60	39,377.84
Advances other than Capital advances		
- Security Deposits	180.33	136.24
Others		
- Balances with Statutory, Government Authorities	135.87	121.10
- Other non current assets	2.32	11.52
Total	29,333.12	39,646.70
Current		
Advances other than Capital advances		
Advances to Suppliers **	10,737.48	6,885.11
Less : Impairment Allowance	(64.00)	-
	10,673.48	6,885.11
Advances to employees	345.39	104.27
Others		
- Prepaid expenses	5.89	98.72
- Balances with Statutory, Government Authorities	2,725.55	3,981.53
- Other current assets	9.20	10.36
Total	13,759.51	11,079.99

* Capital Advance of INR 39,079.90 Lakhs are outstanding for a period of more than 1 year, against which material or services are yet to be received by the company. The Company, however, during the year has provided for loss allowance to the extent of INR 10,065.30 Lakhs.

** Advances to suppliers includes an amount of INR 92.33 Lakhs which is outstanding for a period of more than 1 year. The management does not expect any loss on this advance.

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11. INCOME TAX

Deferred Tax

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Deferred tax relates to the following:		
Temporary difference in carrying value of property, plant and equipment	(13,830.95)	(22,764.22)
Revaluation of Land to fair value	(5,050.01)	(5,259.23)
Temporary difference in carrying value of financial liabilities at amortised cost	2,864.03	512.31
Provision for employee benefits	132.11	88.78
Expenses allowance on payment basis	8,113.05	20,225.68
Losses available for offsetting against future taxable income	7,606.50	7,196.68
Others	165.26	-
Net Deferred Tax Assets / (Liabilities)	-	-

Particulars	March 31, 2018	March 31, 2017
Unrecognised deferred tax assets		
Deductible temporary differences	-	0.03
Unrecognised tax losses	58,759.79	42,583.98

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liablities relate to income taxes levied by the same tax authority

Considering the probability of availability of future taxable profits in the period in which tax losses expire, deferred tax assets have not been recognised in respect of tax lossses carried forward by the Company

Reconciliation of tax expense and accounting profit multiplied by income tax rate for March 31, 2018 and March 31, 2017

	March 31, 2018	March 31, 2017
Loss before tax	(159,529.93)	(50,958.36)
Accounting profit before income tax	(159,529.93)	(50,958.36)
Enacted tax rate in India	30.90%	30.90%
Income tax on accounting profits	(49,294.75)	(15,746.13)
Tax effect of		
Expenses disallowed under income tax	39,997.93	5,405.32
Expenses allowable under income tax	(5,710.48)	(4,105.55)
Losses carried forward	15,007.27	14,446.36
Tax at effective income tax rate	-	-

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12. SHARE CAPITAL

i. Authorised Share Capital

(Amount in INR Lakhs)

	Equity Share	
	Number	Amount
At March 31, 2016	1,500,000,000	150,000.00
Increase/(decrease) during the year	500,000,000	50,000.00
At March 31, 2017	2,000,000,000	200,000.00
Increase/(decrease) during the year	-	-
At March 31, 2018	2,000,000,000	200,000.00

Terms attached to equity shares

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

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

ii. Issued Capital

(Amount in INR Lakhs)

	Number	Amount
Equity shares of INR 10 each issued, subscribed and fully paid		
At March 31, 2016	1,500,000,000	150,000.00
Issued during the period	500,000,000	50,000.00
At April 1, 2017	2,000,000,000	200,000.00
Issued during the period	-	-
At March 31, 2018	2,000,000,000	200,000.00

iii. Shares held by holding company

Out of equity shares issued by the company, shares held by its holding company are as below:

	March 31, 2018	March 31, 2017
Equity shares of INR 10 each issued, subscribed and fully paid		
Simcement Private Limited	-	1,020,000,000
ABG Cement Holdco Private Limited (Nominee of Simcement Private Limited)	-	111,083,197

iv. Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	Number	% holding	Number	% holding
Equity shares of INR 10 each issued, subscribed and fully paid				
Simcement Private Limited	773,083,197	38.65%	1,020,000,000	51.00%
Saharsh Mercantile Private Limited	998,000,000	49.90%	-	-
ABG Cement Holdco Private Limited and its nominee	125,000,000	6.25%	111,083,197	5.50%
Styrax Commodities Limited	-	-	242,175,000	12.11%
Edelweiss Asset Reconstruction Company Limited	-	-	522,825,000	26.14%

v. Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	March 31, 2018 Number	March 31, 2017 Number	March 31, 2016 Number	March 31, 2015 Number	March 31, 2014 Number
Conversion of Debentures				8,070	

vi. None of the above shares are reserved for issue under options/contract/commitments for sale of shares or disinvestment.

13. OTHER EQUITY

Reserves and Surplus

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Retained Earnings	(344,166.95)	(190,638.96)
Property, Plant and Equipment Reserve	32,879.51	38,857.66
	(311,287.44)	(151,781.30)

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(a) Retained Earnings

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Opening balance	(190,638.96)	(142,760.09)
Net Profit/(Loss) for the year	(159,529.93)	(50,958.36)
Add/(Less):		
Adjustment of prior period errors	(0.40)	(8.13)
Financial guarantee from shareholders	-	3,106.13
Transfer to retained earnings on impairment of revalued asset	5,978.15	-
Items of Other Comprehensive Income directly recognised in Retained Earnings		
Remeasurement of post employment benefit obligation, net of tax	24.19	(18.51)
Closing balance	(344,166.96)	(190,638.96)

(b) Property, Plant and Equipment Reserve

Particulars	March 31, 2018	March 31, 2017
Opening balance	38,857.66	38,857.66
Add/(Less):		
Transfer to retained earnings on impairment of revalued asset	(5,978.15)	-
Closing balance	32,879.51	38,857.66

Property, Plant and Equipment Reserve

Property, Plant and Equipment Reserve represents reserve created on revaluation of freehold land on the date of transition to Ind AS. It is a non distributable reserve.

14. BORROWINGS

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Non Current Borrowings		
Secured		
Term loans from banks	328,470.18	315,656.79
Unsecured (Refer Note 31)		
44,25,000, 0% fully convertible debentures of INR 100 each issued fully paid up	3,718.40	3,365.07
(A)	332,188.58	319,021.86
Current Maturity of Non Current Borrowings		
Term loans from banks	16,960.61	11,279.47
(B)	16,960.61	11,279.47
Total (A)-(B)	315,227.97	307,742.39
Current Borrowings		
Secured		
(a) Working capital loans from banks		
Packing credit	854.00	854.00
Cash credit	16,595.70	4,737.88
Others repayable on demand	5,650.25	2,662.52
Unsecured		
(a) Loans repayable on demand		
From Related Parties (Refer Note 31)	8,610.59	1,873.81
Others	59.40	4,159.40
(b) Debentures to Related Parties (Refer Note 31)	451.00	451.00
Total	32,220.94	14,738.61

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(Amount in INR Lakhs)

Particulars	Nature of Security	Terms of Repayment	March 31, 2018	March 31, 2017
Non Current Borrowings				
Secured				
(a) Term Loans from Banks	The loans are secured by way of equitable mortgage of land and all present and future assets of the company on pari-passu and hypothecated against movable fixed assets and current assets, Corporate guarantee given by ABG Cement Holdco Private limited,Baba Gangaram Investment Services Private Limited and Tirupati Managment and Investment Services Private Limited.	Payable in Quarterly Installments from July 1, 2012 to June 30, 2020	32,923.81	3,055.68
(b) Term Loans from Banks	The loans are secured by way of equitable mortgage of land and all present and future assets of the company on pari-passu and hypothecated against movable fixed assets and current assets, Corporate guarantee given by ABG International Private limited and ABG Cement Holdco Private limited and Baba Gangaram Investment Services Private Limited and Tirupati Managment and Investment Services Private Limited.	Payable in Quarterly Installments from October 01, 2016 to September 30, 2031	295,546.37	312,601.11
Unsecured				
(c) 44,25,000, 0% fully convertible debentures of INR 100 each issued fully paid up	Unsecured	By issuing Equity Shares of the value on maturity dated December 27, 2021	3,718.40	3,365.07
Gross Non Current Borrowings			332,188.58	319,021.86
Less: Current maturity			(16,960.61)	(11,279.47)
Net Non Current Borrowings (as per Balance sheet)			315,227.97	307,742.39

Notes:

i) Each debenture, in full settlement thereof, was to be compulsorily converted into Equity Share of INR 10 each at the expiry falling due on December 27, 2019. Vide Board resolution dated April 1, 2016 and on the basis of terms agreed with debenture holder, the debenture shall now fall due for conversion on maturity date December 27, 2021. It will be converted at such premium as may be mutually agreed on the basis of the profitability of the company at the time of conversion, subject to the approval of the Board of Directors as an add-on benefit to the debenture holder from date of allotment.

ii) The Company has incurred losses during the year, therefore Debenture Redemption Reserve has not been created.

iii) During the previous year (F.Y. 2016-17), the Company has entered into refinancing arrangement w.e.f. October 1, 2016 which was sanctioned by all its lenders except Bank of India and UCO Bank. Accordingly entire borrowings along with interest of respective lenders outstanding as on September 30, 2016 has been refinanced into Term Loans which are payable in quarterly installment till September 30, 2031.

iv) However, during the year, the Company has defaulted in repayment of borrowings and interest thereon on account of failure to achieve budgeted business targets and cash flows. The banks have classified the account as NPA on account of defaults in repayments. The Company is unable to reconcile interest accured on the borrowings with banks in the absence of confirmation/communication from lenders.

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Particulars	Nature of Security	Terms of Repayment	March 31, 2018	March 31, 2017
Current Borrowings				
Secured				
(a) Working capital loans from banks	(Secured by First Pari-Passu charge on Hypothecation of entire Current Assets (both present and future) including but not limited to stocks, Book Debts, Consumable stores & spares etc. & Second Pari-Passu charge on Fixed Assets of the company (both present and future). Pledge of equity shares of the company. Corporate Guarantee given by ABG Cement Holdco Pvt. Ltd and ABG International Private Limited	Repayable on Demand	23,099.95	8,254.40
Unsecured				
(b) Loans from Related Parties	Unsecured	Repayable on Demand	8,610.59	1,873.81
(c) Loans from Others	Unsecured	Repayable on Demand	59.40	4,159.40
(d) Debentures to Related Parties	Unsecured	Reedemable on Demand	451.00	451.00

Net Debt Reconciliation

Particulars	Liabilities from financing activities		Total
	Non Current Borrowings	Current Borrowings	
Net Debt as at March 31, 2017	3,33,823.82	15,128.81	3,48,952.63
Cash Outflow	(1,094.77)	-	(1,094.77)
Cash Inflow	6,659.46	-	6,659.46
Net change in current borrowings		21,482.34	21,482.34
Adjusted against current borrowings from others		(4,000.00)	(4,000.00)
			3,71,999.65
Interest Expense			44,563.89
Interest Paid			(26,552.94)
Net Debt as at March 31, 2018			3,90,010.60

Amount and period of default in repayment of borrowings

(Amount in INR Lakhs)

Particulars	March 31, 2018		March 31, 2017	
	Amount	Period of Default	Amount	Period of Default
Term loans from banks				
Principal	14,100.10	1-1551 days	9,074.61	1-1186 days
Interest accrued and provided	23,009.47	32-1551 days	14,765.03	32-1186 days
Working capital loans from banks				
Principal	10,461.54	1-1387 days	3,349.88	1-882 days
Interest accrued and provided	1,766.04	1-546 days	427.14	1-882 days

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15. OTHER FINANCIAL LIABILITIES

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Current		
Financial Liabilities at amortised cost		
Current maturities of long term debts	16,960.61	11,279.47
Interest accrued and due on borrowings	25,601.08	15,192.16
Payables for purchase of property, plant and equipment	5,778.02	5,523.35
Security deposit	480.00	480.00
Total	48,819.71	32,474.98

16. TRADE PAYABLES

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Current		
Trade Payables to Micro, Small and Medium Enterprises (Refer Note 35)	71.68	71.27
Trade Payables to Others	20,241.30	17,304.36
Total	20,312.98	17,375.63

17. OTHER LIABILITIES

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Current		
Advance received from customers	11,987.29	1,069.50
Advance received against sale of land	616.41	616.41
Others		
Statutory Liabilities *	1,478.84	1,241.41
Total	14,082.54	2,927.32

* Includes Tax deducted at source, Provident fund, Professional Tax, GST, VAT, Service tax etc

18. PROVISIONS

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Non Current		
Provision for employee benefits		
Gratuity	142.92	141.25
Leave encashment	79.74	90.12
Total	222.66	231.37
Current		
Provision for employee benefits		
Gratuity	63.72	64.06
Leave encashment	83.36	37.90
Total	147.08	101.96

19. ASSETS HELD FOR DISPOSAL

(Amount in INR Lakhs)

The Company has identified a portion of land amounting to INR 616.41 Lakhs to be disposed off to the subsidiary company which is not currently been used by the Company. The Company is still in process of crystallising the terms and conditions for sale with the subsidiary and expects the same to be disposed off within next twelve months.

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20. REVENUE FROM OPERATIONS

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
Sale of products (Inclusive of excise duty)		
Clinker-Manufacturing	838.47	4,649.56
Cement	7,379.79	3,534.37
Ground Granulated Blast Slag (GGBS)	593.08	171.36
Other Operating Revenues		
Sales -Scrap	1.21	149.40
Duty Drawback Incentive	13.70	31.14
	8,826.25	8,535.83

Sale of products includes excise duty collected from customers of INR 118.53 Lakhs (March 31, 2017: INR 961.74 Lakhs).

21. OTHER INCOME

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
Interest income on		
Bank fixed deposits	146.19	113.22
Financial assets carried at amortised cost	10.32	9.34
Others	1.67	24.80
Other Non Operating Income		
Insurance Claim Received	-	7.47
Financial Guarantee Income	-	319.38
Foreign Exchange Fluctuation Gain	27.41	52.14
Miscellaneous Receipts	6.53	8.42
	192.12	534.77

22. COST OF MATERIALS CONSUMED

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
Coal	3,619.02	5,456.52
Limestone and Others	1,491.83	1,176.66
	5,110.85	6,633.18

23. CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
Inventories as at the beginning of the year		
Work - in - progress	28.40	130.94
Finished goods	604.70	2.10
Total	633.10	133.04
Less : Inventories as at the end of the year		
Work - in - progress	898.31	28.40
Finished goods	308.39	604.70
Total	1,206.70	633.10
Net decrease / (increase) in inventories	(573.60)	(500.06)

24. EMPLOYEE BENEFITS EXPENSE

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
Salaries, wages and bonus	3,414.45	3,054.35
Contribution to provident and other funds	59.59	58.21
Staff welfare expenses	48.07	43.08
Gratuity	34.67	74.55
	3,556.78	3,230.19

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25. FINANCE COST

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
Interest expense on financial liabilities	43,887.50	24,156.46
Interest expense on delayed payment of statutory dues	73.08	3.89
Other borrowing costs		
Guarantee commission expense	-	3,106.13
Others	602.91	2,190.94
	44,563.89	29,457.42

26. DEPRECIATION AND AMORTISATION EXPENSE

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
Depreciation on tangible assets	9,221.13	10,286.08
Amortisation on intangible assets	26.75	36.86
	9,247.88	10,322.94

27. OTHER EXPENSES

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
Consumption of Stores, Spares & Packing materials	1,034.07	957.68
Repairs and maintenance		
Factory Building	11.18	14.05
Plant and Machinery	661.37	698.09
Others	77.01	83.45
Insurance charges	182.89	232.78
Electricity charges	30.26	29.57
Rates and taxes	187.12	36.69
Rent	538.34	923.18
Freight and forwarding charges	1,926.75	1,852.01
Other manufacturing expenses	148.69	192.92
Office Expenses	634.32	351.12
Payments to auditors (Refer note below)	15.00	11.50
Legal and professional fees	1,534.11	960.00
Travelling and conveyance expenses	148.52	110.52
Vehicle Expenses	19.14	15.60
Director Sitting Fees	0.91	0.49
Sundry Balance Written off (Net)	11.78	(4.32)
Allowance for loss on financial assets	529.59	(0.02)
Guest House Expenses	80.55	63.89
Donation	1.05	1.21
Fair value loss on financial instrument at Fair value through profit and loss	-	116.41
Total	7,772.68	6,646.82

Note : Details of Payments to Auditors

(Amount in INR Lakhs)

	2017-18	2016-17
As auditor		
Audit Fee	15.00	11.50
	15.00	11.50

28. EARNINGS PER SHARE

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Basic and diluted earnings per share (INR) [(a)/(b)]	(7.98)	(2.75)
(a) Profit attributable to the equity holders of the company used in calculating basic earnings per share	(159,529.93)	(50,958.36)
(b) Weighted average number of shares Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,000,000,000	1,850,684,932

*Convertible debentures have not been considered for the purpose of calculation of dillutive EPS as these instruments are anti dilutive.

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(Amount in INR Lakhs)

Name	Nature of Transaction	March 31, 2018	March 31, 2017
ABG Shipyard Limited	Loans given / repaid	-	-
	Loans taken / refunded	-	-
	Purchase Steel	3.40	-
ABG Energy Limited	Loans given / repaid	-	-
	Loans taken / refunded	-	104.22
	Interest Income	-	9.72
Shivris Resources Private Limited	Loans given / repaid	172.05	3,782.50
	Loans taken / refunded	4,000.50	100.00
	Expenses reimbursed	-	0.50
ABG Cement Holdco Private Limited	Loans given / repaid	21,067.58	15,045.81
	Loans taken / refunded	22,498.70	22,020.43
	Expenses reimbursed	-	-
	Expenses paid on behalf	-	-
PFS Shipping India Limited	Loans given / repaid	28.00	59.00
	Loans taken / refunded	-	136.00
ABG Energy Himachal Pradesh Limited	Loans given / repaid	-	1.63
	Loans taken / refunded	-	25.00
	Interest Income	-	3.37
K G Toshniwal HUF	Loans given / repaid	45.00	23.00
	Loans taken / refunded	45.00	-
Onaway Industries Limited	Loans taken / refunded	-	150.00
Banal Investment and Trading Private Limited	Loans given / repaid	34.00	715.00
	Loans taken / refunded	-	59.00
Anupama Agarwal	Loans given / repaid	-	-
	Loans taken / refunded	60.00	-

(iii) Outstanding balances arising from purchases of goods & services

(Amount in INR Lakhs)

Name	March 31, 2018	March 31, 2017
Trade Payables		
ABG Energy (Gujarat) Limited	4,198.45	3,295.21
ABG Shipyard Limited	1,142.15	1,138.75
Aries Management Services Private Limited	78.83	78.83

(iv) Debentures issued to related parties

(Amount in INR Lakhs)

Name	March 31, 2018	March 31,2017
Debentures Issued		
ABG Energy Limited	4,425.00	4,425.00
Baba Gangaram Investment Services Private Limited	451.00	451.00

(v) Loans to/from related parties

(Amount in INR Lakhs)

Name	March 31, 2018	March 31,2017
Loans to related party		
Shivris Resources Private Limited	-	3,682.00
Banal Investment and Trading Private Limited	2,117.50	2,083.50

(Amount in INR Lakhs)

Loans from related party	March 31, 2018	March 31,2017
ABG Cement Holdco Private Limited	3,017.94	1,586.82
Rishi Agarwal	-	60.00
Onaway Industries Limited	150.00	150.00
PFS Shipping India Limited	49.00	77.00
Shivris Resources Private Limited	146.45	-
Simcement Private Limited	2,287.19	-
Anupama Agarwal	2,960.00	-

(v) Advance from related party

(Amount in INR Lakhs)

Name	March 31, 2018	March 31,2017
Advance from related party		
Varada Marine Pte. Limited	120.00	120.00

(vi) Key management personnel compensation

(Amount in INR Lakhs)

	March 31, 2018	March 31, 2017
Short term employee benefits	-	411.67
Post-employment benefits	46.88	43.49
Long term employee benefits	54.37	32.34
	101.26	487.50

(vii) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and settlement occurs in cash. The Company has provided guarantee to the lenders of subsidiary company to the extent of INR 31,938 Lakhs (March 31, 2017: INR 31,938 Lakhs). Also related parties have issued guarantees to Company's lenders to the extent of INR 3,10,613.00 Lakhs (March 31, 2017: INR 3,10,613.00 Lakhs).

For the year ended March 31, 2018, the Company has recorded impairment of receivables relating to amount owed by related parties amounting to INR 529.38 Lakhs (March 31, 2017: INR NIL). This assessment is undertaken each financial year through examining the financial position of the related party and market in which the related party operates.

32. SEGMENT REPORTING

The Company is exclusively engaged in the busines of cement and cement related products. As per Ind AS 108 "Operating Segments" notified under section 133 of the Companies Act, 2013, there are no reportable operating segment applicable to the Company.

Disclosure of geographical segments are as under:

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Revenue		
Domestic	8,158.11	4,525.21
Overseas	653.22	3,830.07
	8,811.33	8,355.28

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33. FAIR VALUE MEASUREMENTS

I. Financial Instruments by Category

(Amount in INR Lakhs)

Particulars	Carrying Amount		Fair Value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
FINANCIAL ASSETS				
Amortised cost				
Trade Receivables	31.93	349.19	31.93	349.19
Loans	1,588.13	5,765.50	1,588.13	5,765.50
Cash and Cash Equivalents	239.37	262.79	239.37	262.79
Security Deposits	155.04	133.37	155.04	133.37
Other Bank Balances	3,614.73	1,810.86	3,614.73	1,810.86
Other Financial Assets	125.80	125.67	125.80	125.67
Total	5,755.00	8,447.38	5,755.00	8,447.38
FINANCIAL LIABILITIES				
Amortised cost				
Borrowings	364,409.52	333,760.47	364,409.52	333,760.47
Trade Payables	20,312.98	17,375.63	20,312.98	17,375.63
Capital Creditors	5,778.02	5,523.35	5,778.02	5,523.35
Other financial liabilities	26,081.08	15,672.17	26,081.08	15,672.17
Total	416,581.60	372,331.62	416,581.60	372,331.62

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair values of security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the Fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of non current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

II. Fair Value Hierarchy

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

Level 2 - The fair value of financial instruments that are not traded in an active market 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 - If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

34. FINANCIAL RISK MANAGEMENT

The company's activity expose it to market risk, liquidity risk and credit risk. Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts Foreign currency options
Market risk – interest rate	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – commodity prices	Movement in prices of commodities	Sensitivity analysis	Commodity forwards

(A) Credit risk

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/ investing activities, including deposits with banks, foreign exchange transactions and financial guarantees.
The Company has no significant concentration of credit risk with any counterparty.

(i) Trade Receivables

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and based on the evaluation credit limit of each customer is defined. Wherever the Company assesses the credit risk as high the exposure is backed by either bank guarantee / letter of credit or security deposits.
Total Trade receivable as on March 31, 2018 is INR 28.95 Lakhs (March 31, 2017 is INR 349.19 Lakhs, Apr 1, 2016 INR 3.23 Lakhs)

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

Reconciliation of allowance of credit loss provision - Trade receivables

(Amount in INR Lakhs)

Particulars	
Loss allowance on April 1, 2016	0.13
Changes in loss allowance	(0.02)
Loss allowance on March 31, 2017	0.11
Changes in loss allowance	0.21
Loss allowance on March 31, 2018	0.32

(ii) Other financial assets

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Credit Risk on cash and cash equivalent, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions who have been assigned high credit rating by international and domestic rating agencies.

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

The carrying amount of cash and cash equivalents, loans, deposits with banks and financial institutions and other financial assets represents the maximum credit exposure. The maximum exposure to credit risk is INR 5,728.32 Lakhs (March 31, 2017: INR 8,098.19 Lakhs). The 12 months expected credit loss and lifetime expected credit loss on these financial assets for the year ended March 31, 2018 is INR 524.13 Lakhs (March 31, 2017: NIL).

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Reconciliation of loss allowance provision - other financial assets

Particulars	March 31, 2018		March 31, 2017	
	12 months expected credit	Life time expected loss	12 months expected credit	Life time expected loss
Balance at the beginning	-	-	-	-
Add: Changes in loss allowances due to changes in risk parameters	529.38	-	-	-
Balance at the end	529.38	-	-	-

(B) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's finance team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. In the table below, borrowings include both interest and principal cash flows.

Contractual maturities of financial liabilities (Amount in INR Lakhs)

Particulars	Carrying Amount	Less than 1 year	1 to 5 years	More than 5 years
March 31, 2018				
Borrowings	364,409.52	68,788.81	210,880.22	414,840.85
Trade payables	20,312.98	20,312.98	-	-
Other financial liabilities	31,859.10	31,859.10	-	-
Total financial liabilities	416,581.60	120,960.89	210,880.22	414,840.85
March 31, 2017				
Borrowings	333,760.47	31,980.71	186,238.70	475,059.41
Trade payables	17,375.63	17,375.63	-	-
Other financial liabilities	21,195.52	21,195.52	-	-
Total financial liabilities	372,331.62	70,551.86	186,238.70	475,059.41

(C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices. Market risk comprises three types of risks: foreign currency risk, interest rate risk and commodity price risk.

(i) Foreign currency risk

Foreign currency risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the import of raw materials and spare parts, capital expenditure and exports of cement and related products.

The Company evaluates exchange rate exposure arising from foreign currency transactions. The Company follows established risk management policies and standard operating procedures.

(ii) Interest rate risk

The Company primarily borrows funds under fixed interest rate arrangements with banks and financial institutions and therefore the Company is not exposed to interest rate risk.

(iii) Commodity price risk

The Company primarily imports coal, pet coke. It is exposed to commodity price risk arising out of movement in prices of such commodities. Such risks are monitored by tracking of the prices and are managed by entering into fixed price contract where considered necessary.

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(Amount in INR Lakhs)

35. CAPITAL MANAGEMENT

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

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within debt, interest bearing loans and borrowings, trade and other payables, provisions, less cash and cash equivalents, excluding discontinued operations.

Particulars	March 31, 2018	March 31, 2017
Borrowings	347,448.91	322,481.00
Trade payables	20,312.98	17,375.63
Other payables	42,561.69	26,471.63
Less:		
Cash and Cash Equivalents	(239.37)	(262.79)
Other Bank Balances	(3,612.58)	(1,779.45)
Net Debt	406,471.64	364,286.02
Total Equity (including other equity)	(111,287.44)	48,218.70
Total Capital	(111,287.44)	48,218.70
Capital and net debt	295,184.20	412,504.72
Gearing ratio (%)	137.70	88.31

Financial covenants

The Company has not complied with the covenants stipulated in the terms of arrangement with the lenders and as a consequence, all the lenders have recalled the facilities extended to the Company. Financial effect of any penalty or compensation cannot be determined in the absence of information available with the Company and communication received from lenders.

36. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED ACT, 2006)

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Principal amount due to suppliers under MSMED Act, 2006*	71.68	71.27
Interest accrued and due to suppliers under MSMED Act, on the	153.58	102.99
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act	-	-
Interest due and payable to suppliers for the year	153.58	102.99
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	153.58	102.99

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

37. CAPITALISATION OF EXPENDITURE

Details of capitalisation of expenses of revenue nature to the cost of capital work-in-progress(CWIP) is as follows :

Particulars	March 31, 2018	March 31, 2017
Finance costs	-	6,702.60
Total	-	6,702.60

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38. DISCLOSURES REQUIRED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

Name of the Party	Nature	Purpose	Rate of Interest	March 31, 2018	March 31, 2017
ABG Energy Limited	Loan	Business	12%	-	-
ABG Energy Himachal Pradesh Limited	Loan	Business	12%	-	-
Banal Investment and Trading Private Limited	Loan	Business	-	2,117.50	2,083.50
Shivris Resources Private Limited	Loan	Business	-	-	3,682.00

39. The Company has accumulated losses resulting in substantial erosion of its net worth and has incurred net cash losses in the current and in preceding financial years. The current liabilities of the Company exceeded its current assets by 1,11,287.34 Lakhs as at the balance sheet date. These conditions may cast doubt about the Company's ability to continue as a going concern. However, in view of continued support from the lender in the form of OTS (One Time Settlement) plan which the management expects to crystalise in the near future and fresh fund infusion from new investors which will enable the company to fund its working capital requirements to operate its plant at full capacity which in turn will generate operating cash flows for the company, the management believe that the business will continue as going concern. Accordingly, the management considers appropriate to prepare its financial statments on a going concern basis.

40. STANDARDS ISSUED/AMMENDED BUT NOT YET EFFECTIVE

The standards issued, but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

The Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 with effect from April 1, 2018. Companies (Indian Accounting Standards) Amendment Rules, 2018 includes Ind AS 115 Revenue from Customers, Appendix D to Ind AS 115 Service Concession Arrangements and Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration. Ind AS 11 Construction Contracts and Ind AS 18 Revenue will be omitted from April 1, 2018.

a) Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 was issued in February 2016 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This standard will come into force from accounting period commencing on or after April 1, 2018. The Company will adopt the new standard on the required effective date.

b) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

The Appendix is effective for annual periods beginning on or after April 1, 2018.

The Company's operation primarily relate to operations in India, The directors of the Company do not anticipate that the application of the new standard in future will have significant impact on the financial statement.

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c) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018.

41. Previous year figures have been regrouped/reclassified wherever considered neccesary to conform to the current year's presentation.

As per our report of even date
For GMJ & Co
Chartered Accountants
F.R.No. 103429W

GMJ & CO MUMBAI FRN. NO. 103429W CHARTERED ACCOUNTANTS

CA S. Maheshwari
Partner
M. No. 038755

For and on behalf of the board

V.P. SHARMA
(M.D. and CEO)
(DIN: 02577738)

K. G. TOSHNIWAL
(Executive Director)
(DIN: 00980292)

I.I. KHAN
(AVP - Legal & Secretarial)
(M.No.: FCS 3449)

Date: October 11, 2018

Place: Mumbai

GMJ & Co
Chartered Accountants
3rd & 4th Floor, Vaastu Darshan,
'B'wing, Above Central Bank of India,
Azad Road, Andheri (East),
Mumbai - 400 069.
Tel. : 022- 6191 9293 / 222 /200
Fax : 022- 2684 2221 / 6191 9256
E-mail : admin@gmj.co.in
info@gmj.co.in

Independent Auditor's Report

To
The Members of
Vadraj Cement Limited
(Formerly known as ABG Cement Limited)

Report on Consolidated Ind AS Financial Statements

We have audited the accompanying Statement of Consolidated Ind AS financial statements of Vadraj Cement Limited (hereinafter referred to as "Holding Company") and comprising its subsidiary (together referred to as "the Group), which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules 2015, as amended, and other accounting principles generally accepted in India.

The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

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

Basis for Qualified Opinion

i. As stated in Note 10 to the Consolidated Ind AS financial statements, the Company has provided for loss to the extent of INR 11,201.34 lakhs in respect of capital advances and INR 64.00 lakhs in respect of advances to supplier as doubtful of recovery. In the absence of confirmations from suppliers, evidence on resumption of company's operations and its plan to procure capital goods, goods and services against these advances, we are unable to comment on the estimate of provision made by management and recoverability of advances of INR 46,992.74 lakhs carried in these financial statements.

ii. The Group's Internal Controls and compliances with policies and procedures needs to be strengthened with respect to recoverability of loans and advances given and timely payment of statutory dues and consolidating the information from remote location and reconciliation of accounts. We are unable to ascertain its impact, if any on the statement in respect of the above matters.

iii. As stated in Note 3(iii) to the Consolidated Ind AS financial statements, the Company on the basis of an internal evaluation provided INR 10,193.08 lakhs as impairment loss on Capital work-in-progress of Thermal Based Power Plant situated at Surat. Due to prolonged suspension of construction activities and in the absence of any external technical evaluation from valuation expert, we are unable to comment on the net realisable value / value in use of the capital work-in-progress of INR 6,795.39 lakhs carried in these Consolidated Ind AS financial statements.

iv. As depicted in Note 5 (A) and (B) to the Consolidated Ind AS financial statements, interest free unsecured loans of INR 4,928.00 lakhs and security deposit of INR 3,952.30 lakhs given to related parties, are outstanding for a long time. On the basis of an internal evaluation, the Company has

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provided loss allowance of INR 1,477.38 lakhs in respect of interest free unsecured loans and INR 1,333.14 lakhs in respect of security deposits.

In the absence of recovery and confirmation/communication from these related parties, we are unable to comment on the recoverability of INR 6,069.78 lakhs carried in these consolidated Ind AS financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the other financial information of the subsidiary, **except for the effects of the matter described in the 'Basis of qualified opinion' paragraph above,** the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated financial position of the Group as at March 31, 2018, and their consolidated financial performance including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of matter

i. We draw attention to Note 38 wherein Management has prepared Consolidated Ind AS financial statements on going concern basis in spite of following facts and circumstances:
   a) The Group has reported loss after tax of INR 1,76,583.89 lakhs during the year and net liabilities exceeds net assets by INR 1,37,534.18 lakhs;
   b) Lenders declared the Group's accounts as Non-Performing Account;
   c) Legal proceedings are pending before Judicial Authorities seeking compensations and winding up of the Company;

   These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the group may not be able to realise its assets and discharge its liabilities in the normal course of business.

   However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

ii. We draw attention to the put option granted in terms of arrangement with IFCI. IFCI, the other shareholder of subsidiary company, holding 3,60,00,000 equity shares of face value of INR 10 each had exercised the put option during the year ended March 31, 2015, for sale of such shares to the holding company (Vadraj Cement Limited). Due to pendency of settlement, IFCI has initiated legal proceedings against the holding company. Pending the outcome, the possible impact of the same on Consolidated Ind AS financial statements cannot be ascertained.

iii. The Group is irregular in depositing its statutory dues such as Provident Fund, Professional Tax, Service Tax and Income Tax Deducted at Source on timely basis, due to which the group may be liable for penal consequences under the respective laws.

iv. Some creditors have filed petition for winding up / initiated legal proceedings against the group, which may result in compensation, interest and penalties. The possible impact of the same on financial statements cannot be ascertained.

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v. As stated in Note 14 to the Consolidated Ind AS Financial Statement, during the year, the group has defaulted in repayment of borrowings and interest thereon and the lenders have classified the account as NPA on account of defaults in repayments. In the absence of confirmation / communication from lenders we are unable to reconcile interest accrued on the borrowings with lenders.

vi. Identified non-compliances with the provisions of the Companies Act, 2013 ("the Act"):

a) The Holding and Subsidiary companies have not appointed Internal Auditors as required by Section 138 of the Companies Act 2013.

b) The Holding Company has not appointed Chief Financial officer as required by Section 203 of the Companies Act 2013.

c) The Group has granted interest free loan to Companies covered under section 186 of the Companies Act, 2013. These arrangements are not in compliance of Section 186 of the Companies Act, 2013.

d) The Group has granted loan to directors and a Company in which director of the Company is interested which is not in compliance with the provisions of Section 185 of Companies Act, 2013.

e) The Holding Company requires at least two Independent Directors under sub-section (4) of Section 149 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014. The Company did not have adequate number of independent director for part of the year.

f) Since the Holding Company was not having adequate number of independent directors, the constitution of Audit Committee and Nomination and Remuneration Committee was not in compliance with the provisions of the Act.

Accordingly, we are unable to comment on the possible impact, if any, of non-compliances with the provisions of the Act.

Our Opinion is not qualified for above matters.

Other Matter

The comparative financial statement/information of the Group for the year ended March 31, 2017, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules thereunder and other accounting principles generally accepted in India, have been audited by the predecessor auditor. The reports of the predecessor auditor on these comparative financial statement/information expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and the other financial information of subsidiary, as noted in the other matter paragraph, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Ind AS financial statements;

GMJ MUMBAI FRN NO 103429W CHARTERED ACCOUNTANTS

b. In our opinion, proper books of account as required by law to preparation of the aforesaid Consolidated Ind AS financial statements have been kept so far as appears from our examination of those books ;

c. The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

d. In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;

e. One of the directors, Mr. Rishi Agarwal is disqualified from being appointed as a director under sub section (2) of section 164 of the Act. On the basis of the written representations received from the directors of the Holding Company and Subsidiary incorporated in India as on March 31, 2018, taken on record by the Board of Directors, none of the other directors of the Group's companies incorporated in India is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to adequacy of internal financial controls over financial reporting of the Holding Company and its Subsidiary incorporated in India, for the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

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

   i. The Group has disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS financial statements as referred to Note 29 B to the Consolidated Ind AS financial statement.

   ii. The Group did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.

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

For GMJ & Company
Chartered Accountants
FRN : 103429W

MUMBAI
FRN NO.
103429W
CHARTERED ACCOUNTANTS

CA Sanjeev Maheshwari
Partner
Membership No. 38755

Place : Mumbai
Date : October 11, 2018

ANNEXURE "A"

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

We have audited the internal financial controls over financial reporting of Vadraj Cement Limited ("hereinafter referred to as the "Holding Company") and its subsidiary which are the companies incorporated in India as of March 31, 2018 in conjunction with our audit of the Consolidated Ind AS financial statements of the Vadraj Cement Limited for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company and its subsidiary which is the companies incorporated in India, 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 deemed to be prescribed under section 143(10) of the Act, 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)provide reasonable assurance that transactions are recorded as necessary to permit

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preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2018.

a) The Holding Company's Internal Controls with regard to timeliness and in consolidating the information from remote location and reconciliation of accounts were not operating effectively.
b) The Holding Company and Subsidiary Company had no internal audit department which could carry on internal audit and risk assessment functions.
c) The Subsidiary Company lacks trained personnel for their secretarial and legal compliance which could potentially result in failure to comply with applicable laws and regulations in timely manner.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, to the best of the information and according to the explanation given to us, except for the effects / possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Holding Company and the Subsidiary, which are incorporated in India, have, maintained 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, 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note.

For GMJ & Company
Chartered Accountants
FRN : 103429W

GMJ & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

CA Sanjeev Maheshwari
Partner
Membership No. 38755

Place : Mumbai
Date : October 11, 2018

VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	Notes	March 31, 2018	March 31, 2017
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	188,401.70	208,601.36
(b) Capital Work-in-Progress	3	86,315.21	168,252.70
(c) Goodwill on consolidation		-	83.49
(d) Other Intangible Assets	4	123.43	150.18
(e) Financial Assets			
(i) Loans	5	1,862.49	2,810.49
(ii) Other Financial Assets	5	2,631.26	4,050.56
(f) Deferred Tax Asset (Net)	11	-	-
(g) Other Non-Current Assets	10	36,022.71	47,565.56
		315,356.80	431,514.35
Current assets			
(a) Inventories	6	5,951.84	4,624.77
(b) Financial Assets			
(i) Trade Receivables	7	31.93	349.19
(ii) Cash and Cash Equivalents	8	279.75	300.34
(iii) Bank Balances Other than (ii) above	9	3,614.73	1,810.86
(iv) Loans	5	1,719.92	5,928.29
(v) Other Financial Assets	5	268.74	160.78
(c) Other Current Assets	10	13,835.04	11,736.68
		25,701.94	24,910.91
TOTAL		341,058.74	456,425.26
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	12	200,000.00	200,000.00
(b) Other Equity	13	(332,867.82)	(161,419.96)
Equity attributable to equity holders of the parent		(132,867.82)	38,580.04
Non Controlling Interest		(4,666.35)	445.22
Total Equity		(137,534.13)	39,025.26
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	321,853.46	318,370.73
(b) Provisions	18	227.11	235.33
		322,080.56	318,606.06
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	32,220.95	14,738.61
(ii) Trade Payables	16		
Micro, Small and Medium Enterprises		71.68	71.27
Others		17,195.05	15,149.71
(iii) Other Financial Liabilities	15	93,408.30	66,322.74
(b) Other Current Liabilities	17	13,469.22	2,409.57
(c) Provisions	18	147.15	102.04
		156,512.36	98,793.94
TOTAL		341,058.74	456,425.26

Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements 1 to 41

As per our report of even date
For GMJ & Co
Chartered Accountants
F.R.No. 103429W

GMJ & CO. CHARTERED ACCOUNTANTS MUMBAI FRN NO. 103429W

CA S Maheshwari
Partner
M. No. 038755

For and on behalf of the board

V.P. SHARMA
(M.D. and CEO)
(DIN: 02577738)

K. G. TOSHNIWAL
(Executive Director)
(DIN: 00980292)

I.I. KHAN
(AVP - Legal & Secretarial)
(M.No.: FCS 3449)

VADRAJ CEMENT

Date: October 11, 2018

Place of Signature : Mumbai

VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	Notes	2017-18	2016-17
REVENUE			
Revenue from operations	19	8,826.25	8,535.83
Other income	20	202.43	873.96
Total Revenue (I)		9,028.69	9,409.79
EXPENSES			
Cost of materials consumed	21	5,110.85	6,633.18
Changes in inventories of finished goods and work-in-progress	22	(573.60)	(500.06)
Power and Fuel		1,844.37	978.54
Excise duty		118.53	961.74
Employee benefits expense	23	3,607.98	3,298.25
Finance costs	24	51,332.99	35,233.19
Depreciation and amortization expense	25	10,376.30	11,451.40
Impairment Allowance	3. 10	103,383.46	-
Other expenses	26	10,411.72	7,170.65
Total Expenses (II)		185,612.58	65,226.89
Profit/(loss) before exceptional items and tax (I-II)		(176,583.89)	(55,817.09)
Exceptional Items		-	-
Profit/(loss) before tax		(176,583.89)	(55,817.09)
Tax expense:			
Current tax		-	-
Deferred tax		-	-
Profit/(loss) for the year		(176,583.89)	(55,817.09)

OTHER COMPREHENSIVE INCOME			
A. Other Comprehensive income not to be reclassified to profit and loss in subsequent years:			
Remeasurement of gains / (losses) on defined benefit plans		24.85	(17.29)
B. Other Comprehensive income to be reclassified to profit and loss in subsequent periods:		-	-
Other Comprehensive income for the year, net of tax		24.85	(17.29)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(176,559.05)	(55,834.39)

GMJ & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Profit / (Loss) for the year attributable to:			
Equity holders of the parent		(171,472.15)	(54,753.85)
Non-controlling interest		(5,111.74)	(1,063.25)
Other comprehensive income for the year attributable to:			
Equity holders of the parent		24.69	(17.58)
Non-controlling interest		0.16	0.29
Total comprehensive income for the year attributable to:			
Equity holders of the parent		(171,447.47)	(54,771.43)
Non-controlling interest		(5,111.58)	(1,062.96)

Earnings per share			
Basic and diluted EPS	27	(8.57)	(2.96)

Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements 1 to 41

As per our report of even date
For GMJ & Co
Chartered Accountants
F.R.No. 103429W

CA S. Maheshwari
Partner
M. No. 038755

GMJ & CO. MUMBAI FRN. NO. 103429W CHARTERED ACCOUNTANTS

For and on behalf of the board

V.P. SHARMA
(M.D. & CEO)
(DIN: 02577738)

K. G. TOSHNIWAL
(Executive Director)
(DIN: 00980292)

I.I. KHAN
(AVP - Legal & Secretarial)
(M.No.: FCS 3449)

Date: October 11, 2018

Place of Signature : Mumbai

VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss before tax	(176,583.89)	(55,817.09)
Adjustments for:		
Depreciation and amortisation expense	10,376.30	11,451.40
Impairment Allowance on PPE	91,981.88	-
Impairment allowance on Other assets	11,317.99	-
Loss allowance on financial assets	2,810.52	-
Other allowances	440.69	-
Prior period items	(0.40)	(8.14)
Interest income	(158.18)	(790.64)
Finance costs	51,332.99	35,233.19
Foreign Exchange Fluctuation (Gain) / Loss	27.41	52.14
Impairment of Goodwill	83.49	
Change in operating assets and liabilities:		
(Increase)/decrease in trade receivables	289.88	(398.10)
(Increase)/decrease in inventories	(1,327.07)	943.54
(Increase)/decrease in other financial assets	(11.35)	1,010.76
(Increase)/decrease in other assets	(2,092.98)	1,254.53
(Increase)/decrease in other bank balances	(1,803.88)	(282.41)
Increase/(decrease) in trade payables	2,045.76	3,111.65
Increase/(decrease) in provisions	61.74	27.96
Increase/(decrease) in other financial liabilities	(0.00)	474.92
Increase/(decrease) in other liabilities	11,059.65	585.89
Cash generated from/ (used in) operations	(149.47)	(3,150.41)
Less: Income taxes paid	78.45	73.87
Net cash flow from/ (used in) operating activities	(227.92)	(3,224.28)
CASH FLOWS FROM INVESTING ACTIVITIES:		-
Payments for property, plant and equipment	(98.53)	(44,783.62)
Proceeds from sale of property, plant and equipment	-	-
Interest received	147.74	146.09
Loans given	3,679.00	(4,245.75)
Net cash flow from/ (used in) investing activities	3,728.20	(48,883.29)

VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	-	50,000.00
Proceeds from borrowings	(1,101.56)	76,714.95
Repayment of borrowings	6,659.46	-
Net change in current borrowings	17,474.18	(66,055.59)
Interest paid	(26,552.94)	(8,366.29)
Net cash flow from/ (used in) financing activities	(3,520.86)	52,293.08
Net increase/(decrease) in cash and cash equivalents	(20.60)	185.50
Cash and Cash Equivalents at the beginning of the year	300.34	114.84
Cash and Cash Equivalents at end of the year	279.75	300.34
Reconciliation of cash and cash equivalents as per the statement of cash flow:		
Cash and cash equivalents stated as above comprise of the following:		
Balances with banks in current accounts	273.00	296.37
Cash in hand	6.75	3.97
Balances as per statement of cash flows	279.75	300.34

Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements — 1 to 41

As per our report of even date
For GMJ & Co
Chartered Accountants
F.R.No. 103429W

GMJ & CO. MUMBAI FRN. NO. 103429W CHARTERED ACCOUNTANTS

CA S. Maheshwari
Partner
M. No. 038755

Date: October 11, 2018

For and on behalf of the board

V.P. SHARMA
(M.D. and CEO)
(DIN: 02577738)

K. G. TOSHNIWAL
(Executive Director)
(DIN: 00980292)

I.I. KHAN
(AVP - Legal & Secretarial)
(M.No.: FCS 3449)

Place of Signature : Mumbai

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2018

A Equity Share Capital

(Amount in INR Lakhs)

Particulars	Balance at the Beginning of the year	Changes in Equity share capital during the year	Balance at the end of the year
March 31, 2017			
Numbers	1,500,000,000	500,000,000	2,000,000,000
Amount	150,000	50,000	200,000
March 31, 2018			
Numbers	2,000,000,000		2,000,000,000
Amount	300,000	-	200,000

B Other Equity

(Amount in INR Lakhs)

Particulars	Retained Earnings	Property, Plant and Equipment Reserve	Total other equity attributable to parent	Non Controlling Interest	Total
As at April 1, 2016	(148,604.18)	38,857.66	(109,746.52)	1,508.18	(108,238.33)
Profit/ (Loss) for the year	(54,753.85)	-	(54,753.85)	(1,063.25)	(55,817.09)
Other comprehensive income	(17.58)	-	(17.58)	0.29	(17.29)
Total comprehensive income for the year	(54,771.43)		(54,771.43)	(1,062.96)	(55,834.39)
Adjustment of prior period errors	(8.14)	-	(8.14)	-	(8.14)
Financial guarantee from shareholders	3,106.13	-	3,106.13	-	3,106.13
As at March 31, 2017	(200,277.63)	38,857.66	(161,419.96)	445.22	(160,974.73)
Profit/ (Loss) for the year	(171,472.15)	-	(171,472.15)	(5,111.74)	(176,583.88)
Other comprehensive income	24.69	-	24.69	0.16	24.85
Total comprehensive income for the year	(171,447.46)	-	(171,447.46)	(5,111.58)	(176,559.04)
Adjustment of prior period errors	(0.40)	-	(0.40)	-	(0.40)
Transfer to retained earnings	5,978.15	(5,978.15)	-	-	-
As at March 31, 2018	(365,747.14)	32,879.51	(332,867.82)	(4,666.36)	(337,534.18)

Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements 1 to 41

As per our report of even date
For GMJ & Co
Chartered Accountants
FR.No. 103429W

CA S. Maheshwari
Partner
M. No. 038755

GMJ & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

For and on behalf of the board

V.P. SHARMA
(M.D. and CEO)
(DIN: 02577338)

K. G. TOSHNIWAL
(Executive Director)
(DIN: [illegible])

I.J. KHAN
(AVP - Legal & Secretarial)
(M.No.: FCS 3449)

Date: October 11, 2018

Place of Signature : Mumbai

1 Corporate Information

The consolidated financial statements comprise financial statements of Vadraj Cement limited (the Company) and its subsidiary (collectively, 'the Group') for the year ended March 31, 2018. The company is an unlisted public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the company is located at 2nd Floor, Llyods Centre Point,A.S. Marathe Road, Prabhadevi, Mumbai 400025.

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on October 11, 2018.

2 Significant Accounting Policies

a) Statement of compliance

These consolidated financial statements (hereinafter referred to as "financial statements" in the consolidated financial statements) are prepared in accordance with the Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 ("the Act") read with rules issued thereunder and other relevant provisions of the Act, as applicable.

b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Basis of consolidation

The Consolidated financial statements incorporate the standalone financial statements of the company and entity controlled by the company i.e its subsidiary.

Control is achieved when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is obtained. They are deconsolidated from the date that control ceases.

Wherever necessary, adjustments are made to the financial statements of the subsidiary, to bring their accounting policies in line with those used by the company. Intra - group transactions, balances , income and expenses are eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The acquisition method of accounting is used to account for business combinations by the group.

Non-controlling interests in the results and equity of subsidiary are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively. Profit or loss and each component of other comprehensive income (the 'OCI') are attributed to the equity holders of the parent of the Group and to the non controlling interests, even if this results in the non controlling interest having a deficit balance.

d) Business Combinations

Acquisition of subsidiary is accounted for using the purchase method. The consideration transferred is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree.

Acquisition related costs are recognised in the consolidated statement of profit and loss.

Goodwill arising on acquisition is recognised as an asset and measured at cost, being the excess of the consideration transferred in the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities recognised. Where the fair value of the identifiable assets and liabilities exceed the cost of acquisition, after re-assessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve on consolidation. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Once control has been achieved, any subsequent acquisitions where the Group does not originally hold hundred percent interest in a subsidiary are treated as an acquisition of shares from non-controlling shareholders. The identifiable net assets are not subject to further fair value adjustments and the difference between the cost of acquisition of the noncontrolling interest and the net book value of the additional proportion acquired is adjusted in equity. The amount of noncontrolling interests in the acquiree is measured either at the non-controlling interests proportion of the net fair value of the assets, liabilities and contingent liabilities recognised or at fair value.

G M J & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

VADRAJ CEMENT

e) Use of estimates and critical accounting judgments

The preparation of these consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the consolidated financial statements and the reported amounts of income and expense for the periods presented. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

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

(i) Useful lives of property, plant and equipment

The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(ii) Valuation of deferred tax assets

The Group reviews the carrying amount of deferred tax assets at the end of each reporting period.

(iii) Defined benefit plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iv) Provisions and Contingent liabilities

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value unless the effect of time value of money is material and are determined based on best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the consolidated financial statements.

f) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in consolidated Statement of Profit and Loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the Group's net investment in that foreign operation.

GMJ & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

VADRAJ CEMENT LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

g) **Property, plant and equipment (PPE)**

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the consolidated Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE. Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

Expenditure during construction period:

Expenditure/ Income during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

Depreciation methods, estimated useful lives and residual value

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Group, or the number of production or similar units expected to be obtained from the asset by the Group.

The Group has componentised its PPE and has separately assessed the life of major components. In case of certain classes of PPE, the Group uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management's best estimation of obtaining economic benefits from those classes of assets.

Such classes of assets and their estimated useful lives are as under:

Class	Useful life
Plant and Machinery, Electrical Installation	18-19 years
Computers	3-6 years
Office Equipment	5 years
Furniture & Fixtures	10 years

Depreciation on additions is provided on a pro-rata basis from the date of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the month preceding the date of deduction/disposal.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in consolidated Statement of Profit and Loss.

GMJ & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

h) **Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment, if any. The Group determines the amortisation period as the period over which the future economic benefits will flow to the Group after taking into account all relevant facts and circumstances. The estimated useful life and amortisation method are reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

Amortisation methods and periods

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods.

Computer software	5 years

i) Impairment

At the end of each reporting period, the Group reviews the carrying amounts of Property, Plant and Equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised immediately in consolidated Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

j) **Inventories**

Inventories are valued at the lower of cost and net realisable value(NRV).

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, fuel, stores and spare parts and packing materials : cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k) **Borrowing costs**

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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

l) **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

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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, is disclosed as a contingent liability. Contingent liabilities are also 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 uncertain future events not wholly within the control of the Group.

Claims against the Group where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in consolidated financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

m) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured taking into account contractually defined terms and excluding taxes or duties collected on behalf of the government.

(i) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of allowances and cash discounts.

(ii) Income from Power Generation

In case of subsidiary, revenue from generation and transmission of electric energy is recognised on accrual basis in accordance with the terms of respective power purchase agreement.

(iii) Interest income

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

(iv) Dividend income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

n) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as Operating Leases.

Operating Lease: Lease rentals are charged or recognised in the consolidated Statement of Profit and Loss on a straight-line basis over the lease term, except where the payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

o) Employee benefits

Defined contribuition plans

Payments to defined contribution plan 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 Group's obligation under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Defined benefit plans

For defined benefit retirement schemes the cost of providing benefit is determined using the projected unit credit method, with acturial valuation being carried out at each balance sheet date. Remeasurement gain 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 liability/(asset) is treated as a net expense within employment cost.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related reatructuring costs or termination benefit 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.

Compensated absences

Compensated absences which are not to occur within twelve months after the end of the period in which the employee renders the related service are recognised based on acturial valuation at the present value of the obligation as on reporting date.

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p) Taxes

(i) Current income tax

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

Current income tax relating to items recognised outside consolidated Statement of Profit and Loss is recognised either in other comprehensive income (OCI) or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Advance taxes and provisions for current income taxes are presented in balance sheet after off setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on net basis.

The Group recognises interest levied and penalties related to Income tax assessments in Finance Cost.

(ii) Deferred tax

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

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and there are legally enforceable right to set off current tax assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future economic tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

q) Financial Instruments

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

i) Financial Assets

Initial Recognition

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in consolidated Statement of Profit and Loss.

Classification and Subsequent Measurement: Financial Assets

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

The Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

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(i) Amortised Cost
A financial asset shall be classified and measured at amortised cost if both of the following conditions are met:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Fair Value through OCI
A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:
- the financial asset is 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.

(iii) Fair Value through Profit or Loss (FVTPL)
A financial asset shall be classified and measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Group recognises a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Group follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Group to track changes in credit risk. The Group calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

Derecognition of financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

ii) Financial Liabilities

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

Classification and Subsequent Measurement: Financial liabilities
Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

(i) Financial Liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or Losses on liabilities held for trading are recognised in the consolidated Statement of Profit and Loss.

(ii) Other Financial Liabilities
Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

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r) Cash and cash equivalents

Cash and cash equivalents in the consolidated Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

s) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group are recognised at the proceeds received, net of direct issue cost.

t) Segment Reporting - Identification of Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

u) Current/non current classification

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The group classifies all other liabilities as non-current.

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

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

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VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

3. PROPERTY, PLANT AND EQUIPMENT

(Amount in INR Lacs)

Particulars	Free hold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Computer Hardwares	Vessels	Total	Capital Work In Progress
GROSS CARRYING VALUE										
As at April 1, 2016	61,404.97	42,226.06	126,632.85	608.07	206.70	167.91	73.90	108.82	231,429.28	159,661.88
Additions	-	-	-	16.15		2.18	2.28	-	20.61	8,590.82
Disposals	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-
As at March 31, 2017	61,404.97	42,226.06	126,632.85	624.22	206.70	170.09	76.18	108.82	231,449.89	168,252.70
Additions	-	-	6.64	9.80		3.21	0.39	-	20.03	174.25
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment Allowance	-	-	-		-	-	-	-	-	-
As at March 31, 2018	61,404.97	42,226.06	126,639.49	634.02	206.70	173.30	76.58	108.82	231,469.93	168,426.95
ACCUMULATED DEPRECIATION/IMPAIRMENT										
As at April 1, 2016	-	3,005.14	8,215.28	73.10	47.24	54.69	31.32	11.55	11,438.32	-
Depreciation for the year	-	3,005.14	8,171.15	122.03	43.56	33.81	22.96	11.55	11,410.21	-
Impairment Loss for the year	-	-	-	-	-	-	-	-	-	-
Deductions/Adjustments during the year	-	-	-	-	-	-	-	-	-	-
As at March 31, 2017	-	6,010.28	16,386.43	195.13	90.80	88.50	54.28	23.10	22,848.53	-
Depreciation for the year	-	2,017.26	8,171.47	73.51	41.73	29.38	4.66	11.55	10,349.56	-
Impairment Loss for the year	5,978.15	3,622.68	-	269.31	-	-	-	-	9,870.14	82,111.74
Deductions/Adjustments during the year	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	5,978.15	11,650.22	24,557.90	537.96	132.53	117.87	58.94	34.64	43,068.23	82,111.74
Net Carrying value as at March 31, 2018	55,426.82	30,575.84	102,081.59	96.06	74.17	55.42	17.63	74.18	188,401.70	86,315.21
Net Carrying value as at March 31, 2017	61,404.87	36,215.78	110,246.42	429.09	115.90	81.59	21.90	85.72	208,601.36	168,252.70

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GB' CWIP
2314.7 + 1684.26

O/b. ~~2086.01 + 162~~
1884.01 + 863.15
=> 2747.16 Cr

VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Notes:

i. Property, Plant and Equipment pledged as security against borrowings by the group
Entire Property, Plant and Equipment are pledged as first charge security against borrowings by the group.

ii. Borrowing Cost Capitalised
The amount of borrowing cost capitalised during the year ended March 31, 2018 is Nil (March 31, 2017 INR 7,653.35 Lakhs) due to suspension of construction activities at Surat plant. The rate used to determine the amount of borrowing costs eligible for capitalisation is the effective interest rate of the specific and general borrowings.

iii. Details of Capital work in progress (CWIP) :
Vadraj Cement Limited
Capital work in progress mainly comprises cement manufacturing unit being constructed at Surat.
The details of capital work in progress is as follows:

Particulars	March 31, 2018	March 31, 2017
i) Capital Work in Progress		
CWIP- Buildings - Factory	4,231.18	4,225.31
CWIP- Buildings - Others	18,191.47	18,191.47
CWIP- Plant and Machinery	55,022.69	54,854.31
CWIP- Lab Equipment / Electrical Installations	16.66	16.66
CWIP- Roads, Bridges and Fences	32.20	32.20
CWIP- Office Equipments	1.80	1.80
	77,496.00	77,321.75
ii) Preoperative Expenses		
Travelling, Lodging and Boarding	81.66	81.66
Finance Charge	47,268.87	47,268.87
Personnel Cost	3,176.88	3,176.88
Community Development Expenses	0.25	0.25
Professional and Technical Fees	217.01	217.01
Vehicle Repair and Maintenance	30.16	30.16
Site Expenses and Other Expenses	23,167.65	23,167.65
	73,942.48	73,942.48
Impairment Allowance	(71,918.66)	
	79,519.82	151,264.23

Due to suspension of plant construction activities, no further major capitalisation has been done during the year ended March 31, 2018 (March 31, 2017 : INR 8,590.82 Lakhs) in accordance with Ind AS 16.

Impairment Loss
During the year ended March 31, 2018, the impairment loss of INR 81,788.80 Lakhs (March 31,2017 : NIL) represented the write down value of capital work in progress to the extent of INR 71,918.66 Lakhs, land to the extent of INR 5,978.15 Lakhs, Building to the extent of INR 3,622.68 Lakhs and furniture and fixture to the extent of INR 269.31 Lakhs to the recoverble amount of the asset as a result of additional wear and tear due to prolonged suspension of construction activities. This is recognised in the statement of profit and loss. The recoverble amount as at March 31, 2018 is based on estimated realisable value of the assets less cost to sell. Realisable value of these assets are based on the independent valuation report obtained from valuation expert by the Group.

The fair value of in-progress plant, land, building and furniture and fixture was determined using the market approach. This is Level 2 measurement as per the fair value heirarchy set out in the fair value measurement disclosure. The key input under this approach are the market price of the comparable asset of the similar nature and location.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Vadraj Energy (Gujarat) Limited

The Subsidiary Company is setting up a Thermal Based Power Plant at Surat. In view of financial difficulties to fund the project, the construction activities has been suspended. During the year ended March 31, 2018, impairment loss of INR 10,193.08 Lakhs (March 31,2017 : NIL) represented the write down value of capital work in progress to the recoverble amount as a result of additional wear and tear due to prolonged suspension of construction activities. This is recognized in the statement of profit and loss. The recoverble amount as at March 31, 2018 is based on estimated realisable value of the assets less cost to sell. Realisable value of these assets are based on the internal evaluation of the market price of these assets by the management.

The fair value of in-progress project was determined using the market approach. This is Level 2 measurement as per the fair value heirarchy set out in the fair value measurement disclosure. The key inputs under this approach are the market price of the comparable asset of the similar nature and location.

The details of capital work in progress is as follows:

Particulars	March 31, 2018	March 31, 2017
Structural expenses including plant and machinery, civil expense and other expenses	11,203.19	11,203.19
Pre-operative Expenses :		
Interest on Term Loan	5,049.49	5,049.49
Professional Fees	192.03	192.03
Finance Charges	201.42	201.42
Personnal Expenses	279.13	279.13
Insurance Premium	35.54	35.54
Office Expenses	19.26	19.26
Travelling Expenses	8.41	8.41
Total	16,988.47	16,988.47
Less : Capitalised during the year	-	-
Less : Impairment Loss	(10,193.08)	-
Grand Total	6,795.39	16,988.47

iv. Contractual Obligations

Refer Note for disclosure of contractual commitments for the acquisition of property, plant and equipment

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4. INTANGIBLE ASSETS

(Amount in INR Lakhs)

Particulars	Mining Rights	Computer Software	Total
GROSS CARRYING VALUE			
As at April 1, 2016	117.26	119.67	236.93
Additions			-
Deletions			-
As at March 31, 2017	117.26	119.67	236.93
Additions	-	-	-
Deletions	-	-	-
As at March 31, 2018	117.26	119.67	236.93
ACCUMULATED AMORTISATION AND IMPAIRMENT			
As at April 1, 2016	4.34	41.21	45.55
Amortisation for the year	4.34	36.86	41.20
			-
As at March 31, 2017	8.68	78.07	86.75
Amortisation for the year	4.34	22.41	26.75
As at March 31, 2018	13.02	100.48	113.50
Net Carrying value as at March 31, 2018	104.24	19.19	123.43
Net Carrying value as at March 31, 2017	108.58	41.60	150.18

Mining Rights

Mining rights represent land acquire on lease for extraction of limestone and has been treated as Intangible Asset and the price paid to acquire such mining rights for the mine site are amortised over the life of mining agreement.

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5. FINANCIAL ASSETS

(Amount in INR Lakhs)

Particulars		March 31, 2018	March 31, 2017
(A) LOANS			
Non Current			
Unsecured, considered good unless otherwise stated			
Loans to Related Parties (Refer Note 30)		2,810.49	2,810.49
Less : Loss Allowance		(948.00)	-
	Total	1,862.49	2,810.49
Current			
Unsecured, considered good unless otherwise stated			
Loans to Related Parties (Refer Note 30)		2,249.30	5,928.29
Less : Loss Allowance		(529.38)	-
	Total	1,719.92	5,928.29
(B) OTHER FINANCIAL ASSETS			
Non Current			
Financial assets carried at amortised cost			
Security Deposits			
- Related Party (Refer Note 30)		3,952.30	3,952.30
Less : Loss Allowance		(1,333.14)	-
- Others		12.10	98.26
	Total	2,631.26	4,050.56
Current			
Financial assets carried at amortised cost			
Security Deposits			
- Related Party (Refer Note 30)		-	-
- Others		142.94	35.11
Interest accrued and due		125.80	125.67
	Total	268.74	160.78

6. INVENTORIES

Particulars		March 31, 2018	March 31, 2017
(Valued at lower of Cost and Net Realisable value)			
Coal and others		1,013.95	284.07
Stores and Spares		3,731.19	3,707.60
Work-in-progress		898.31	28.40
Finished goods		308.39	604.70
Goods in Transit		-	-
	Total	5,951.84	4,624.77

7. TRADE RECEIVABLES

Particulars	March 31, 2018	March 31, 2017
Current		
Trade Receivables	31.93	349.19
	31.93	349.19
Breakup of Security details		
Unsecured, considered good	32.24	349.30
Doubtful		-
	32.24	349.30
Impairment Allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	0.32	0.11
Doubtful		-
	0.32	0.11
	31.93	349.19

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VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

8. CASH AND CASH EQUIVALENTS

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Balances with banks in current accounts	273.00	296.37
Cash in hand	6.75	3.97
	279.75	300.34

9. OTHER BANK BALANCES

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Deposits with banks as security against borrowings	3,612.58	1,779.45
Balances held in escrow accounts with banks	2.15	31.41
	3,614.73	1,810.86

10. OTHER ASSETS

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Non Current		
Capital Advances	46,904.19	47,202.13
Less : Impairment Allowance *	(11,201.34)	
Advances other than Capital advances		
- Security Deposits	181.44	137.35
Others		
- Payment of Taxes (Net of Provisions)	0.07	93.30
- Balances with Statutory, Government Authorities	136.04	121.26
- Other non current assets	2.32	11.52
Total	36,022.71	47,565.56
Current		
Advances other than Capital advances		
- Advances to Suppliers	10,304.02	6,943.08
Less : Impairment Allowance **	(64.00)	-
- Advances to employees	348.49	107.41
- Other Advances	52.65	583.45
Less : Impairment Allowance	(52.65)	-
Others		
- Prepaid expenses	11.79	110.85
- Balances with Statutory, Government Authorities	2,725.55	3,981.53
- Other current assets	9.20	10.36
Total	13,835.04	11,736.68

Note : * Capital Advance of INR 46,904.19 Lakhs are outstanding for a period of more than 1 year, against which neither material nor services has been yet received by the Group. The Group, however, during the year has provided for loss allowance to the extent of INR 11,201.34 Lakhs.

Note : ** Advance to Suppliers includes an amount of INR 92.33 Lakhs are outstanding for a period of more than 1 year. The management does not expect any loss on this advance.

11. INCOME TAX

Deferred Tax

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Deferred tax relates to the following:		
Temporary difference in carrying value of property, plant and equipment	(15,890.33)	28,569.32
Revaluation of Land to fair value	(5,050.01)	5,259.23
Temporary difference in carrying value of financial liabilities at amortised cost	2,860.87	(484.41)
Provision for employee benefits	133.52	(94.89)
Expenses allowance on payment basis	10,174.18	(29,194.32)
Losses available for offsetting against future taxable income	7,606.50	(4,054.93)
Others	165.26	-
	-	-

Particulars	March 31, 2018	March 31, 2017
Unrecognised deferred tax assets		
Deductible temporary differences	6,553.04	3,370.04
Unrecognised tax losses	60,346.83	43,851.47

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liablities relate to income taxes levied by the same tax authority

Considering the probability of availability of future taxable profits in the period in which tax losses expire, deferred tax assets have not been recognised in respect of deductible temporary difference and tax lossses carried forward by the Group

Reconciliation of tax expense and accounting profit multiplied by income tax rate for March 31, 2018 and March 31, 2017

	March 31, 2018	March 31, 2017
Loss before tax	(176,583.89)	(55,817.09)
Accounting profit before income tax	(176,583.89)	(55,817.09)
Enacted tax rate in India	30.90%	30.90%
Income tax on accounting profits	(54,564.42)	(17,247.48)
Effect of		
Expenses disallowed under Income Tax	45,033.75	7,307.02
Expenses allowable under Income Tax	(5,829.46)	(4,307.04)
Income not taxable under Income Tax		(215.44)
Losses carried forward	15,360.13	14,462.94
Tax at effective income tax rate	-	-

12. SHARE CAPITAL

i. Authorised Share Capital

(Amount in INR Lakhs)

	Equity Share	
	Number	Amount
At April 1, 2016	1,500,000,000	150,000.00
Increase/(decrease) during the year	500,000,000	50,000.00
At March 31, 2017	2,000,000,000	200,000.00
Increase/(decrease) during the year	-	-
At March 31, 2018	2,000,000,000	200,000.00

Terms attached to equity shares

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

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

ii. Issued Capital

	Number	Amount
Equity shares of INR 10 each issued, subscribed and fully paid		
At April 1, 2016	1,500,000,000	150,000.00
Issued during the period	500,000,000	50,000.00
At March 31, 2017	2,000,000,000	200,000.00
Issued during the period	-	-
At March 31, 2018	2,000,000,000	200,000.00

iii. Shares held by holding company

Out of equity shares issued by the company, shares held by its holding company are as below:

	March 31, 2018	March 31, 2017
Equity shares of INR 10 each issued, subscribed and fully paid		
Simcement Private Limited	-	1,020,000,000
ABG Cement Holdco Private Limited (Nominee of Simcement Private Limited)	-	111,083,197

iv. Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	Number	% holding	Number	% holding
Equity shares of INR 10 each issued, subscribed and fully paid				
Simcement Private Limited	773,083,197	38.65%	1,020,000,000	51.00%
Saharsh Mercantile Private Limited	998,000,000	49.90%	-	-
ABG Cement Holdco Private Limited and its nominee	125,000,000	6.25%	111,083,197	5.50%
Styrax Commodities Limited	-	-	242,175,000	12.11%
Edelweiss Asset Reconstruction Company Limited	-	-	522,825,000	26.14%

v. Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	Number	Number	Number	Number	Number
Conversion of Debentures		-	-	8,070	-

vi. None of the above shares are reserved for issue under options and contract / commitments for sale of shares or disinvestment.

GMJ & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

13. OTHER EQUITY

Reserves and Surplus

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Retained Earnings	(365,747.33)	(200,277.62)
Property, Plant and Equipment Reserve	32,879.51	38,857.66
	(332,867.82)	(161,419.96)

(a) Retained Earnings

(Amount in INR Lakhs)

	March 31, 2018	March 31, 2017
Opening balance	(200,277.62)	(148,604.18)
Net Profit/(Loss) for the year	(171,472.15)	(54,753.85)
Add/(Less):		
Adjustment of prior period errors	(0.40)	(8.14)
Financial guarantee from shareholders	-	3,106.13
Transfer to retained earnings on impairment of revalued asset	5,978.15	
Items of Other Comprehensive Income directly recognised in Retained Earnings		
Remeasurement of post employment benefit obligation, net of tax	24.69	(17.58)
Closing balance	(365,747.34)	(200,277.63)

(b) Property, Plant and Equipment Reserve

Particulars	March 31, 2018	March 31, 2017
Opening balance	38,857.66	38,857.66
Add/(Less):		
Transfer to retained earnings on impairment of revalued asset	(5,978.15)	-
	32,879.51	38,857.66

Property, Plant and Equipment Reserve

Property, Plant and Equipment Reserve represents reserve created on revaluation of freehold land on the date of transition to Ind AS. It is a non distributable reserve.

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14. BORROWINGS

(Amount in INR Lakhs)

Particulars		March 31, 2018	March 31, 2017
Non Current Borrowings			
Secured			
Term loans from banks		354,345.72	341,539.18
Unsecured (Refer note 30)			
44,25,000, 0% fully convertible debentures of INR 100 each issued fully paid up		3,718.40	3,365.07
	(A)	358,064.12	344,904.25
Current Maturity of Non Current Borrowings			
Term loans from banks		36,210.66	26,533.52
	(B)	36,210.66	26,533.52
	Total (A)-(B)	321,853.46	318,370.73
Current Borrowings			
Secured			
(a) Working capital loans from banks			
Packing credit		854.00	854.00
Cash credit		16,595.70	4,737.83
Others repayable on demand		5,650.25	2,652.52
Unsecured			
(a) Loans repayable on demand			
From Related Parties (Refer Note 30)		8,610.59	1,873.81
Others		59.40	4,159.40
(b) Debentures to Related Parties (Refer Note 30)		451.00	451.00
	Total	32,220.95	14,738.61

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VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
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Particulars	Nature of Security	Terms of Repayment	March 31, 2018	March 31, 2017
				(Amount in INR Lakhs)
Non Current Borrowings				
Secured				
(a) Term Loans from Banks	The loans are secured by way of equitable mortgage of land and all present and future assets of the company on pari-passu and hypothecated against movable fixed assets and current assets, Corporate guarantee given by ABG Cement Holdco Private limited, Baba Gangaram Investment Services Private Limited and Tirupati Managment and Investment Services Private Limited.	Payable in Quarterly Installments from July 1, 2012 to June 30, 2020	32,923.81	3,055.68
(b) Term Loans from Banks	The loans are secured by way of equitable mortgage of land and all present and future assets of the company on pari-passu and hypothecated against movable fixed assets and current assets, Corporate guarantee given by ABG International Private limited, ABG Cement Holdco Private limited and Baba Gangaram Investment Services Private Limited and Tirupati Managment and Investment Services Private Limited.	Payable in Quarterly Installments from October 01, 2016 to September 30, 2031	295,546.37	312,601.11
(c) Rupee Term Loans - Consortium Banks	The borrowings are secured by way of equitable mortgage of all present and future assets of the company on pari passu and Corporate guarantee given by Vadraj Cement Ltd. by pledging 51% of its shares and Personal guarantee given by Mr. Rishi Agrawal	Payable in Quarterly Installments upto October'2020	25,875.54	25,882.39
Lenderwise breakup of Rupee Term Loans - Consortium Banks (taken by the subsidiary)				
Punjab National Bank*			6,233.25	6,231.24
State Bank of Bikaner and Jaipur*			6,747.76	6,746.83
State Bank of India*			3,351.43	3,350.73
Union Bank of India*			3,122.97	3,121.20
Andhra Bank*			3,234.38	3,247.61
Oriental Bank of Commerce*			3,185.76	3,184.78
Total			**25,875.54**	25,882.39

*Classified as NPA by respective lenders of the subsidiary

GMJ & CO. CHARTERED ACCOUNTANTS MUMBAI FRN 103429W

Unsecured				
(d) 44,25,000, 0% fully convertible Unsecured debentures of INR 100 each issued fully paid up	By issuing Equity Shares of the value on maturity dated December 27, 2021		3,728.40	3,365.07
Gross Non Current Borrowings		-	358,064.12	344,904.25
Less: Current maturity		-	(36,210.66)	(26,533.52)
Net Non Current Borrowings (as per Balance sheet)		-	321,853.46	318,370.73

Notes:

Vadraj Cement Limited

i) Each debenture, in full settlement thereof, was to be compulsorily converted into Equity Share of INR 10 each at the expiry falling due on December 27, 2019. Vide Board resolution dated April 1, 2016 and on the basis of terms agreed with debenture holder, the debenture shall now fall due for conversion on maturity date December 27, 2021. It will be converted at such premium as may be mutually agreed on the basis of the profitability of the company at the time of conversion, subject to the approval of the Board of Directors as an add-on benefit to the debenture holder from date of allotment.

ii) The Company has incurred losses during the year, therefore Debenture Redemption Reserve has not been created

iii) During the previous year (F.Y. 2016-17), the Company has entered into refinancing arrangement w.e.f. October 1, 2016 which was sanctioned by all its lenders except Bank of India & UCO Bank. Accordingly entire borrowings along with interest of respective lenders outstanding as on September 30, 2016 has been refinanced into Term Loans which are payable in quarterly installment till September 30, 2031

iv) However, during the year, the Company has defaulted in repayment of borrowings and interest thereon on account of failure to achieve budgeted business targets and cash flows. The banks have classified the account as NPA on account of defaults in repayments. The Company is unable to reconcile interest accured on the borrowings with banks in the absence of confirmation/communication from lenders.

Vadraj Energy (Gujarat) Limited

v) The carrying amounts of financial and non-financial assets pledge as security for non current borrowings are as follows:

Particulars	March 31, 2018	March 31, 2017
Property, Plant and equipments	15,766.31	16,894.72
Other Bank Balances	-	-
	15,766.31	16,894.72

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Particulars	Nature of Security	Terms of Repayment	March 31, 2018	March 31, 2017
				(Amount in INR Lakhs)
Current Borrowings				
Secured				
(a) Working capital loans from banks	(Secured by First Pari-Passu charge on Hypothecation of entire Current Assets (both present and future) including but not limited to stocks, Book Debts, Consumable stores & spares etc. & Second Pari-Passu charge on Fixed Assets of the company (both present and future). Pledge of equity shares of the company. Corporate Guarantee given by ABG Cement Holdco Pvt. Ltd and ABG International Private Limited.	Repayable on Demand	23,099.95	8,254.40
Unsecured				
(b) Loans from Related Parties	Unsecured	Repayable on Demand	8,610.59	1,873.81
(c) Loans from Others	Unsecured	Repayable on Demand	59.40	4,159.40
(d) Debentures to Related Parties	Unsecured	Reedemable on Demand	451.00	451.00

Net Debt Reconciliation

Particulars	Liabilities from financing activities		Total
	Non Current Borrowings	Current Borrowings	
Net Debt as at March 31, 2017	374,462.73	15,128.81	389,591.54
Cash Outflow	(1,101.56)	-	(1,101.56)
Cash Inflow	6,659.46	-	6,659.46
Fair valuation adjustments	(8.16)	-	(8.16)
Net change in current borrowings		21,482.34	21,482.34
Adjusted against current borrowings from others		(4,000.00)	(4,000.00)
			412,623.62
Interest Expense			51,332.99
Interest Paid			(26,552.94)
Net Debt as at March 31, 2018			437,403.66

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VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Amount and period of default in repayment of borrowings

(Amount in INR Lakhs)

Particulars	March 31, 2018		March 31, 2017	
	Amount	Period of Default	Amount	Period of Default
Term loans from banks				
Principal	29,339.15	1-1551 days	20,332.66	1-1186 days
Interest accrued and provided	44,526.98	1-1826 days	29,521.55	1-1461 days
Working capital loans from banks				
Principal	10,461.54	1-1387 days	3,349.88	1-882 days
Interest accrued and provided	1,766.04	1-546 days	427.14	1-882 days

G M J & CO. MUMBAI FRN 103429W CHARTERED ACCOUNTANTS

15. OTHER FINANCIAL LIABILITIES

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Current		
Financial Liabilities at amortised cost		
Current maturities of long term debts	36,210.66	26,533.52
Interest accrued and due on borrowings*	47,118.59	29,948.69
Payable for purchase of property, plant and equipment	9,599.04	9,360.53
Security deposit	480.00	480.00
Total	93,408.30	66,322.74

*Interest accrued and due on borrowings includes interest on facilities classified as Non Performing Asset(NPA) by the lenders

16. TRADE PAYABLES

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Current		
Trade Payables to Micro, Small and Medium Enterprises	71.68	71.27
Trade Payables to Others	17,195.05	15,149.71
Total	17,266.74	15,220.98

17. OTHER LIABILITIES

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Current		
Advance received from customers	11,987.29	1,069.50
Others		
Statutory Liabilities *	1,481.92	1,247.67
Others	-	92.40
Total	13,469.22	2,409.57

* Includes Tax deducted as source, Provident fund, Professional Tax, GST, VAT, Service Tax etc.

18. PROVISIONS

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Non Current		
Provision for employee benefits		
Gratuity	145.74	143.90
Leave encashment	81.37	91.43
Total	227.11	235.33
Current		
Provision for employee benefits		
Gratuity	63.75	64.11
Leave encashment	83.39	37.93
Total	147.15	102.04

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VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

19. REVENUE FROM OPERATIONS

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
Sale of products (Inclusive of excise duty)		
Clinker-Manufacturing	838.47	4,649.56
Cement	7,379.79	3,534.37
Ground Granulated Blast Slag (GGBS)	593.08	171.36
Other Operating Revenues		
Sales -Scrap	1.21	149.40
Duty Drawback Incentive	13.70	31.14
	8,826.25	8,535.83

Sale of products includes excise duty collected from customers of INR 118.53 Lakhs (March 31, 2017: INR 961.74 Lakhs).

20. OTHER INCOME

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
Interest income on		
Bank fixed deposits	145.19	113.89
Financial assets carried at amortised cost	10.32	651.95
Others	1.67	24.80
Other Non Operating Income		
Insurance Claim Received	-	7.47
Foreign Exchange Fluctuation Gain	27.41	52.14
Miscellaneous Receipts*	16.83	23.71
	202.43	873.96

* Includes Interest on income tax refund of subsidiary of INR 10.30 Lakhs

21. COST OF MATERIALS CONSUMED

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
Coal	3,619.02	5,456.52
Limestone and Others	1,491.83	1,176.66
	5,110.85	6,633.18

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22. CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS

(Amount In INR Lakhs)

Particulars	2017-18	2016-17
Inventories as at the beginning of the year		
Work - in - progress	28.40	130.94
Finished goods	604.70	2.10
Total	633.10	133.04
Less : Inventories as at the end of the year		
Work - in - progress	898.31	28.40
Finished goods	308.39	604.70
Total	1,206.70	633.10
Net decrease / (increase) in inventories	(573.60)	(500.06)

23. EMPLOYEE BENEFITS EXPENSE

(Amount In INR Lakhs)

Particulars	2017-18	2016-17
Salaries, wages and bonus	3,453.58	3,107.71
Contribution to provident and other funds	60.66	59.86
Staff welfare expenses	56.94	53.08
Ex-gratia	2.13	3.05
Gratuity	34.67	74.55
	3,607.98	3,298.25

G M J & CO. CHARTERED ACCOUNTANTS

24. FINANCE COST

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
Interest expense on financial liabilities	50,657.00	29,932.23
Interest expense on delayed payment of statutory dues	73.08	14.32
Other borrowing costs		
Guarantee commission expense	-	3,106.13
Others	602.91	2,180.51
	51,332.99	35,233.19

25. DEPRECIATION AND AMORTISATION EXPENSE

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
Depreciation on tangible assets	10,349.55	11,414.54
Amortisation on intangible assets	26.75	36.86
	10,376.30	11,451.40

26. OTHER EXPENSES

(Amount in INR Lakhs)

Particulars	2017-18	2016-17
Consumption of Stores, Spares & Packing materials	1,034.07	957.68
Repairs and maintenance		
Factory Building	11.18	14.05
Plant and Machinery	924.70	1,116.97
Others	77.01	83.45
Insurance charges	241.47	286.03
Electricity charges	30.26	29.57
Rates and taxes	187.12	36.69
Rent	539.42	924.51
Freight and forwarding charges	1,926.75	1,852.01
Other manufacturing expenses	148.69	192.92
Office Expenses	643.97	358.91
Payment to auditors (Refer note below)	24.37	17.82
Legal and professional fees	1,549.86	996.10
Travelling and conveyance expenses	148.52	110.51
Vehicle Expenses	19.14	15.60
Director Sitting Fees	0.91	0.49
Sundry Balance Written off (net)	11.78	(4.32)
Allowance for credit loss	2,810.74	(0.02)
Bank charges	0.13	0.17
Guest House Expenses	80.55	63.89
Foreign exchange fluctuation (Gain) / Loss	-	-
Donation	1.05	1.21
Fair value loss on financial instrument at Fair value through profit and loss	-	116.41
Total	10,411.72	7,170.65

Details of Payments to auditors

	2017-18	2016-17
As auditor		
Audit Fee	23.43	17.25
IFC audit fee	0.94	0.57
	24.37	17.82

GMJ & CO. CHARTERED ACCOUNTANTS MUMBAI

27. EARNINGS PER SHARE

(Amount in INR Lakhs)

Particulars	March 31, 2018	March 31, 2017
Basic and diluted earnings per share	(8.57)	(2.96)
(a) Profit attributable to the equity holders of the company used in calculating basic earnings per share	(171,472.15)	(54,753.85)
(b) Weighted average number of shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,000,000,000	1,850,684,932

*Convertible debentures have not been considered for the purpose of calculation of diluted EPS as these instruments are anti dilutive.

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VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

28. EMPLOYEE BENEFIT OBLIGATIONS

(Amount in INR Lakhs)

	March 31, 2018			March 31, 2017		
	Current	Non Current	Total	Current	Non Current	Total
Leave obligations	83.39	81.37	164.76	37.93	91.43	129.36
Gratuity	63.75	145.74	209.50	64.11	143.90	208.01
Total Employee Benefit Obligation	147.14	227.11	374.25	102.04	235.33	337.37

(I) Leave Obligations

Amount recognised as an expense in respect of leave obligation is INR 86.54 Lakhs (March 31, 2017: INR 48.41 Lakhs)

The amount of the provision of INR 83.39 Lakhs (March 31, 2017: INR 37.93 Lakhs) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations.

(II) Post Employement obligations

a) Defined Benefit Plan - Gratuity

The Group provides for gratuity for employees in india as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied by number of years of service.

The amount recognised in the balance sheet and the movement in the net defined benefit obligation over the period are as follows

	Present value of obligation
As at April 1, 2016	172.28
Current service cost	43.03
Interest expense/(income)	13.78
Total amount recognised in profit or loss	56.81
Remeasurements	
(Gain)/Loss from change in demographic assumptions	(1.23)
(Gain)/Loss from change in financial assumptions	16.04
Experience (gains)/losses	2.47
Total amount recognised in other comprehensive income	17.29
Employer contributions	
Benefit payments	(38.37)
As at March 31, 2017	208.01
Current service cost	44.31
Interest expense/(income)	15.36
Total amount recognised in profit or loss	59.67
Remeasurements	
Retrun of plan assets, excluding amount included in interest	
(Gain)/Loss from change in demographic assumptions	(0.66)
(Gain)/Loss from change in financial assumptions	(0.60)
Experience (gains)/losses	(23.58)
Total amount recognised in other comprehensive income	(24.84)
Employer contributions	
Benefit payments	(33.34)
As at March 31, 2018	209.50

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The significant actuarial assumptions were as follows:

	March 31, 2018	March 31, 2017
Discount rate *	7.73%	7.38%
Compensation growth rate	5.00%	5.00%

* Discount rate in case of subsidiary for the year of March 31, 2018 is 7.55% (March 31, 2017 : 7.33%).

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 is shown below:

Assumptions	Discount rate		Salary growth rate	
Sensitivity Level	0.50% increase	0.50% increase	0.50% increase	0.50% increase
March 31, 2018				
Impact on defined benefit obligation	(0.58)	0.57	0.37	(0.39)
% Impact	-0.28%	0.27%	0.18%	-0.18%
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
March 31, 2017				
Impact on defined benefit obligation	(1.17)	1.18	0.82	(0.82)
% Impact	-0.56%	0.57%	0.39%	-0.39%

Sensitivities due to moratality and withdrawals are insignificant and hence ignored.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase od pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined beenfit obligation as a result of reasonable changes in key assumptions occuring at the end of the reporting period.

The expected cost for the next reporting period of current service and interest cost are INR 55.87 Lakhs and INR 16.19 Lakhs respectively.

The following are the maturity profile of defined benefit obligation:

(Amount in INR Lakhs)

	March 31, 2018	March 31, 2017
March 31, 2016	-	NA
March 31, 2017	-	64.30
March 31, 2018	0.08	28.01
March 31, 2019	150.36	36.13
March 31, 2020	53.96	27.40
March 31, 2021	61.45	24.15
March 31, 2022	82.71	-
March 31, 2023	90.25	-
Total expected payments	438.81	179.99

The average duration of the defined benefit plan obligation of the parent company at the end of the reporting period is 3.59 years (March 31, 2017: 3.44 years)

The average duration of the defined benefit plan obligation of the subsidiary at the end of the reporting period is 3.26 years (March 31, 2017: 5 years)

b) Defined contribution plans - Provident Fund

The Group also has defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any contructive obligation. Amount recognised as an expense during the year towards defined contribution plan is INR 60.66 Lakhs (March 31, 2017: INR 59.86 Lakhs)

29. COMMITMENTS AND CONTINGENCIES

A. Commitments

(Amount in INR Lakhs)

i. Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows

	March 31, 2018	March 31, 2017
Property, plant and equipment	18,846.58	33,290.58

ii. Leases

Operating lease commitments - Company as lessee

The Group has taken commercial under cancellable operating leases or leave and licence subject to lock-in-period as per the terms of the agreements. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. The company has paid INR 213.77 Lakhs (March 31, 2017: INR 270.20 Lakhs) during the year towards minimum lease payment.

	March 31, 2018	March 31, 2017
Commitments for minimum lease payments in relation to non cancellable operating leases are as follows		
Within one year	52.90	84.94
Later than one year but not later than five years	24.36	40.63
later than five years	-	-
	77.26	125.57

B. Contingent Liabilities

(Amount in INR Lakhs)

	March 31, 2018	March 31, 2017
i. Claim against the company not acknowledged as debt* (Refer Note (i) below)	12,957.10	13,787.44
Other Claims (Refer Note (iii) and (iv) below) Electricity Duty Rs. 0.55 per Unit Cumulative Units 20,47,63,801 sold to Vadraj Cement Ltd. till 31.03.2018 (P.Y. Cumulative Units 19,43,41,236 and Cumulative Units 16,82,35,670 till 31.03.2016)	1,126.20	1,068.88
ii. Other bank guarantees (Refer Note (ii) below)	1,936.32	2,027.32

* Of the above includes INR 4,745.16 Lakhs towards Income Tax where the company is in appeal.

(i) In respect of Claims against the company not acknowledged as debts, the Company has received claims from certain customers / creditors, wherein such customers/creditors have filed petition for winding up pending clearance of dues, penal interest and charges. The Company is confident of arbitration with such parties and does not recognise the payable over and above the liability already recognised in the books.

(ii) Bank Guarantees issued by banks - These are bank gurantees issued to customs and other Government authorities towards performance obligation.

(iii) The Subsidiary has already applied for exemption of Electricity Duty. Electricity duty is contingent on outcome of such permission for exemption.

(iv) EPC contractor, Cethar Limited has claimed the compensation, vide notice dated March 14, 2014 which is not acknowledge as debts by the company. As no arbitration has been proceeded with, and balance being claimed is as per books of accounts, subject to reconciliation difference of INR 334.49 lakhs (March 31, 2017: INR 334.49 lakhs, April 1, 2016: INR 334.49 lakhs), the management does not envisage any contingent liability.

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30. RELATED PARTY TRANSACTIONS

(i) List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

Name of Related Party	Nature of Relationship	Country of Incorporation
Enterprises over which directors / relatives are able to exercise control or significant influence:		
Simcement Private Limited	Significant Influence	India
Simcement Mercantile Private Limited	Significant Influence	India
Saharsh Mercantile Private Limited	Significant Influence	India
ABG Cement Holdco Private Limited	Significant Influence	India
Tirupati Management and Investment Services Private Limited	Significant Influence	India
BABA Gangaram Investment Services Private Limited	Significant Influence	India
ABG Energy Himachal Pradesh Limited	Significant Influence	India
Shivris Resources Private Limited (Formerly known as ABG Resources Private Limited)	Significant Influence	India
Aries Management Services Private Limited	Significant Influence	India
ABG Energy Limited	Significant Influence	India
ABG International Private Limited	Significant Influence	India
ABG Energy (MP) Limited	Significant Influence	India
ABG Shipyard Limited	Significant Influence	India
PFS Shipping (India) Limited	Significant Influence	India
Varada Marine Pte. Limited (Along with its SPV's)	Significant Influence	Singapore
K G Toshniwal HUF	Significant Influence	India
Onaway Industries Limited	Significant Influence	India
Banaf Investment and Trading Private Limited	Significant Influence	India
Anupama Agarwal	Significant Influence	India
ABG Engineering and Construction Limited	Significant Influence	India
Key Managerial Personnals (KMP):		
Vijay Prakash Sharma	Managing Director and CEO	
Dhananjay Datar	Director (Upto July 3, 2017)	
Pradeep Kapoor	Director (Upto September 5, 2018)	
Rishi Agarwal	Director (Disqualified under section 164(2) w.e.f November 1, 2016)	
K G Toshniwal	Director	
Tejal Kondlekar	Non-Executive Director (Upto July 17, 2018)	
I.I. Khan	Company Secretary	
Atul Zade	Nominee Director (w.e.f. July 14th, 2017)	

(II) Transactions with related parties

The following transactions occurred with related parties

(Amount in INR Lakhs)

Name	Nature of Transaction	March 31, 2018	March 31, 2017
Simcement Private Limited	Issue of Shares	-	50,000.00
	Loans given / repaid	61.65	-
	Loans taken / refunded	2,200.00	-
	Expenses reimbursed	148.84	-
Aries Management Services Private Limited	Rent Expenses	-	-
	Deposit Refunded	-	900.00
Mr. Vijay Prakash Sharma	Remuneration to KMP	-	256.16
	Loans Given	74.34	
Mr. K G Toshniwal	Remuneration to KMP	-	107.89
	Loans Given	30.42	
Mr. I. I. Khan	Remuneration to KMP	54.81	47.62
Rishi Agarwal	Loans Taken / refunded	-	-
	Loans given / repaid	60.00	-
ABG Shipyard Limited	Loans given / repaid	-	-
	Loans taken / refunded	-	-
	Purchase Steel	3.40	-
ABG Energy Limited	Loans given / repaid	-	1.25
	Loans taken / refunded	-	104.22
	Interest Income	-	9.72
Shivris Resources Private Limited	Loans given / repaid	172.05	3,782.50
	Loans taken / refunded	4,000.50	100.00
	Expenses reimbursed	-	0.50
	Expenses paid on behalf	-	-
ABG Cement Holdco Private Limited	Loans given / repaid	21,815.20	17,364.63
	Loans taken / refunded	23,246.32	23,339.30
	Expenses reimbursed	35.24	8.54
	Expenses paid on behalf	35.24	8.54
PFS Shipping India Limited	Loans given / repaid	28.00	59.00
	Loans taken / refunded	10.00	136.00
	Expenses reimbursed	-	-
ABG Energy Himachal Pradesh Limited	Loans given / repaid	-	1.63
	Loans taken / refunded	-	25.00
	Interest Income	-	3.37
K G Toshniwal HUF	Loans given / repaid	45.00	23.00
	Loans taken / refunded	45.00	-
Onaway Industries Limited	Loans taken / refunded	-	150.00
Banal Investment and Trading Private Limited	Loans given / repaid	34.00	736.00
	Loans taken / refunded	21.00	59.00
Anupama Agarwal	Loans given / repaid	-	-
	Loans taken / refunded	60.00	-

(iii) Outstanding balances arising from purchases of goods and services

(Amount in INR Lakhs)

Name	March 31, 2018	March 31, 2017
Trade Payables		
ABG Shipyard Limited	1,142.15	1,138.75
Aries Management Services Private Limited	78.83	78.83

(iv) Debentures issued to related parties

Name	March 31, 2018	March 31, 2017
Debentures issued		
ABG Energy Limited	4,425.00	4,425.00
Baba Gangaram Investment Services Private Limited	451.00	451.00

(v) Loans to/from related parties

Name	March 31, 2018	March 31, 2017
Loans to related party		
ABG Energy Limited	131.79	131.79
ABG Energy Himachal Pradesh Limited		-
Shivris Resources Private Limited	5,332.58	9,014.58
Banal Investment and Trading Private Limited	2,117.50	2,104.50
ABG Engineering and Construction Limited	3,792.00	3,792.00
PFS Shipping (India) Limited	-	10.00
Loans from related party	March 31,2018	March 31,2017
ABG Cement Holdco Private Limited	3,017.94	1,586.82
Rishi Agarwal	-	60.00
K G Tashniwal HUF	-	-
Onaway Industries Limited	150.00	150.00
PFS Shipping India Limited	49.00	77.00
Shivris Resources Private Limited	146.45	-
Simcement Private Limited	2,287.19	-
Anupama Agarwal	2,960.00	-

(vi) Deposit given to related party

Name	March 31, 2018	March 31, 2017
Deposit given to related party		
Aries Management Services Private Limited	-	900.00

(vii) Advance from related party

(Amount in INR Lakhs)

Name	March 31, 2018	March 31, 2017
Advance from related party		
Varada Marine Pte. Limited	120.00	120.00

(viii) Key management personnel compensation

	March 31, 2018	March 31, 2017
Short term employee benefits	-	411.67
Post-employment benefits	46.88	43.49
Long term employee benefits	54.37	32.34
	101.25	487.50

(ix) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and settlement occurs in cash. The Company has provided guarantee to the lenders of subsidiary company to the extent of INR 31,938.00 Lakhs (March 31, 2017: INR 31,938.00 Lakhs). Also related parties have issued guarantees to Company's lenders to the extent of INR 3,10,613.00 Lakhs (March 31, 2017: INR 3,10,613.00 Lakhs).

For the year ended March 31, 2018, the Group has recorded impairment of receivables relating to amount owed by related parties amounting to INR 1,477.38 Lakhs (March 31, 2017: INR NIL). This assessment is undertaken each financial year through examining the financial position of the related party and market in which the related party operates.

31. SEGMENT REPORTING

A. For management purposes, the Group is organized into following two business units based on the risks and rates of returns of the products and services offered by these unit as per Ind AS 108 on 'Operating Segment' :

i) Cement and Cement Products
i) Electricity Generation

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

(Amount in INR Lakhs)

Particulars	Cement and Cement Products	Electricity Generation	Total	Cement and Cement Products	Electricity Generation	Total
	For the year ended March 31, 2018			For the year ended March 31, 2017		
Revenue from Operation						
Total Revenue	8,826.25	766.06	9,592.31	8,535.83	2,298.19	10,834.02
Inter-segment	-	(766.06)	(766.06)	-	(2,298.19)	(2,298.19)
External customers	8,826.25	-	8,826.25	8,535.83	-	8,535.83
Other Non Operating Income						
Other Income	192.12	10.30	202.42	534.77	658.58	1,193.35
Total revenue	9,018.37	10.30	9,028.67	9,070.60	658.58	9,729.18
Expenses						
Operating Expense	20,070.87	1,179.63	21,250.50	23,924.70	1,196.53	25,121.23
Finance Costs	44,563.89	6,769.10	51,332.99	29,457.42	6,095.15	35,552.57
Impairment allowance	96,140.87	11,381.77	107,522.64	-		-
Other Expenses	7,772.68	2,745.44	10,518.12	6,646.82	469.26	7,116.08
Impairment of Goodwill	-	-	83.49	-	-	-
Intergroup eliminations	(5,095.18)	-	(5,095.18)	(2,243.60)	-	(2,243.60)
Total Expenses	163,453.13	22,075.94	185,612.56	57,785.34	7,760.94	65,546.28

VADRAJ CEMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Segment Result	(154,434.76)	(22,065.64)	(176,583.89)	(48,714.76)	(7,102.37)	(55,817.10)
Profit before tax	(154,434.76)	(22,065.64)	(176,583.89)	(48,714.76)	(7,102.37)	(55,817.10)
Less : Tax Expense	-	-	-	-	-	-
Profit after tax	(154,434.76)	(22,065.64)	(176,583.89)	(48,714.76)	(7,102.37)	(55,817.10)

(Amount in INR Lakhs)

Particulars	Cement and Cement Products	Electricity Generation	Total	Cement and Cement Products	Electricity Generation	Total
	For the year ended March 31, 2018			For the year ended March 31, 2017		
Segment Assets	2521 Cr.					
Property, Plant and Equipments	252,155.24	22,561.70	274,716.94	342,970.88	33,883.19	376,854.07
Intangibles	123.43	-	123.43	150.18	-	150.18
Inventories	5,951.84	-	5,951.84	4,624.77	-	4,624.77
Loans	1,588.13	1,994.28	3,582.41	5,765.50	2,973.28	8,738.78
Trade Receivable	31.93	3,425.92	3,457.85	349.19	2,629.08	2,978.27
Investments	12,668.30	-	12,668.30	16,891.07	-	16,891.07
Other Financial Assets	280.85	2,619.16	2,900.01	259.04	3,952.30	4,211.34
Other Assets	43,092.63	7,381.55	50,474.18	50,726.68	9,191.99	59,918.67
Cash and cash equivalents and other bank balances	3,854.09	40.39	3,894.48	2,073.65	37.55	2,111.20
	319,746.44	38,023.00	357,769.44	423,810.96	52,667.39	476,478.35
Other unallocable assets			-			
Intergroup eliminations			(16,710.70)			(20,053.09)
Total Assets			341,058.74			456,425.26
Segment liabilities						
Borrowings	364,409.52	25,875.54	390,285.06	333,760.47	25,882.39	359,642.86
Other Financial Liabilities	31,859.10	25,338.53	57,197.63	21,195.51	18,593.70	39,789.21
Trade payables	20,312.98	535.79	20,848.77	17,375.63	524.15	17,899.78
Provisions	369.74	4.51	374.25	333.32	4.04	337.36
Other Liabilities	14,082.54	3.08	14,085.62	2,927.32	98.66	3,025.98
	431,033.88	51,757.45	482,791.33	375,592.25	45,102.94	420,695.19
Other unallocable liabilities			-			-
Intergroup eliminations			(4,198.42)			(3,295.19)
Total liabilities			478,592.91			417,400.00

Disclosure of geographical segments are as under:

Particulars	March 31, 2017	March 31, 2017
Revenue		
India	8,158.11	4,525.21
Outside India	653.22	3,830.07
	8,811.33	8,355.28

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VADRAJ CEMENT LIMITED (FORMERLY KNOWN AS ABG CEMENT LIMITED)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

32. FAIR VALUE MEASUREMENTS

I. Financial Instruments by Category

(Amount in INR Lakhs)

Particulars	Carrying Amount		Fair Value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
FINANCIAL ASSETS				
Amortised cost				
Trade Receivables				
Loans	31.93	349.19	31.93	349.19
Cash and Cash Equivalents	3,582.40	8,738.78	3,582.40	8,738.78
Security Deposits	279.75	300.34	279.75	300.34
Other Bank Balances	155.04	133.37	155.04	133.37
Other Financial Assets	3,614.73	1,810.86	3,614.73	1,810.86
	2,744.96	4,077.97	2,744.96	4,077.97
			-	
Total	10,408.83	15,410.52	10,408.81	15,410.51
FINANCIAL LIABILITIES				
Amortised cost				
Borrowings				
Trade Payables	390,285.07	359,642.85	390,285.07	359,642.85
Capital Creditors	17,266.74	15,270.98	17,266.74	15,220.98
Other financial liabilities	9,599.04	9,360.53	9,599.04	9,360.53
	47,598.59	30,428.69	47,598.59	30,428.69
Total	464,749.44	414,653.05	464,749.44	414,653.05

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the Fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of non current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

II. Fair Value Hierarchy

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

Level 2 - The fair value of financial instruments that are not traded in an active market 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 - If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

G M J & CO. CHARTERED ACCOUNTANTS

VADRAJ CEMENT

33. FINANCIAL RISK MANAGEMENT

(Amount in INR Lakhs)

The Group's activity expose it to market risk, liquidity risk and credit risk. Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. This note explains the sources of risk which the group is exposed to and how the group manages the risk and the impact of hedge accounting in the consolidated financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts Foreign currency options
Market risk – interest rate	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – commodity prices	Movement in prices of commodities	Sensitivity analysis	Commodity forwards

(A) Credit risk

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/ investing activities, including deposits with banks, foreign exchange transactions and financial guarantees.

The Company has no significant concentration of credit risk with any counterparty.

I) Trade Receivables

Trade receivables are consisting of a large number of customers. The Group has credit evaluation policy for each customer and based on the evaluation credit limit of each customer is defined. Wherever the Group assesses the credit risk as high the exposure is backed by either bank guarantee / letter of credit or security deposits.

Total Trade receivable as on March 31, 2018 is INR 31.93 Lakhs (March 31, 2017 INR 349.19 Lakhs)

GMJ & CO. MUMBAI CHARTERED ACCOUNTANTS

As per simplified approach, the Group makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

Reconciliation of loss allowance provision - Trade receivables

(Amount in INR Lakhs)

Particulars	
Loss allowance on April 1, 2016	0.13
Changes in loss allowance	(0.02)
Loss allowance on March 31, 2017	0.11
Changes in loss allowance	0.21
Loss allowance on March 31, 2018	0.32

(ii) Other financial assets

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Credit Risk on cash and cash equivalent, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions who have been assigned high credit rating by international and domestic rating agencies.

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

The carrying amount of cash and cash equivalents, loans, deposits with banks and financial institutions and other financial assets represents the maximum credit exposure. The maximum exposure to credit risk is INR 10,376.90 Lakhs (March 31, 2017: INR 15,061.32 Lakhs). The 12 months expected credit loss and lifetime expected credit loss on these financial assets for the year ended March 31, 2018 is INR 529.38 Lakhs (March 31, 2017: NIL).

Reconciliation of loss allowance provision - other financial assets

Particulars	March 31, 2018		March 31, 2017	
	12 months expected credit	Life time expected loss	12 months expected credit	Life time expected loss
Balance at the beginning	-	-	-	-
Add: Changes in loss allowances due to changes in risk parameters	529.38	-	-	-
Balance at the end	529.38	-	-	-

GMJ & CO. MUMBAI FRN NO. 103429W * CHARTERED ACCOUNTANTS *

c) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose

These amendments are effective for annual periods beginning on or after April 1, 2018

41. Previous year figures have been regrouped/reclassified wherever considered neccesary to conform to the current year's presentation.

Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements — 1 to 41

As per our report of even date
For GMJ & Co
Chartered Accountants
F.R.No.
103429W

CA S. Maheshwari
Partner
M. No. 038755

MUMBAI
FRN. NO.
103429W

For and on behalf of the board

V.P. SHARMA
(M.D. and CEO)
(DIN: 02577738)

K. G. TOSHNIWAL
(Executive Director)
(DIN: 00980292)

I.I. KHAN
(AVP - Legal & Secretarial)
(M.No.: FCS 3449)

Date: October 11, 2018

Place of Signature : Mumbai