

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Sulakshana Securities Limited Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **Sulakshana Securities Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, and 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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





- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

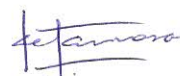
#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account



- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells  
Chartered Accountants  
Firm's Registration No. 117364W



Signature  
Ketan Vora  
Partner  
Membership No. 100459

Place: Mumbai  
Date: 3<sup>rd</sup> May 2019

A small handwritten mark, possibly a stylized 'S' or a signature, located at the bottom left of the page.



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Sulakshana Securities Limited** ("the Company") as of 31<sup>st</sup> March 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

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

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

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



### **Meaning of Internal Financial Controls Over Financial Reporting**

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

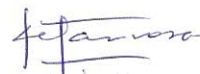
### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells,  
Chartered Accountants  
Firm's Registration No117364W



Signature  
Ketan Vora  
Partner

Membership No. 100459

Place: Mumbai  
Date: 3<sup>rd</sup> May 2019





**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 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 Property, Plant and Equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the Property, Plant and Equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / BIFR order provided to us, we report that, the title deeds, comprising of the immovable property of building is held in the name of the Company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company does not accept deposits and hence reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) In respect of the statutory dues, including Income-tax, Service Tax, cess, Goods and Services Tax and other material statutory dues applicable to it, the Company has been regular in depositing these with the appropriate authorities. Provisions of the Provident Fund, Employees' State Insurance, Sales Tax, Customs Duty, Excise Duty, and Value Added Tax are not applicable during the year.
  - (b) There were no undisputed amounts payable in respect of Income-tax, Service Tax, cess, Goods and Services Tax and other material statutory dues in arrears as at 31<sup>st</sup> March 2019 for a period of more than six months from the date they became payable.



(c) Details of dues of Income-tax which have not been deposited as on 31<sup>st</sup> March 2019 account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid (Rs. In lacs)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Mumbai	A.Y. 2006-07	3.79
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax, Mumbai	A.Y. 2014-15	8.42

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the Company has not paid/provided any managerial remuneration during the year and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

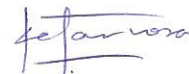


8



- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells  
Chartered Accountants  
Firm's Registration No. 117364W



Signature  
Ketan Vora  
Partner  
Membership No. 100459

Place: Mumbai  
Date: 3<sup>rd</sup> May 2019

Handwritten initials in black ink, possibly "CV".

Balance sheet as at March 31, 2019

Rs. in lakhs

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment Property	1	1,293.92	1,322.12
Financial Assets			
i. Investments	2	90.44	51.65
ii. Loans	3	0.55	0.55
Other non-current assets			
i. Lease rent equalisation	4	95.13	122.08
ii. Non current tax assets (tax receivables)	4	102.58	63.48
<b>Total non-current assets</b>		<b>1,582.62</b>	<b>1,559.88</b>
<b>Current assets</b>			
Financial Assets			
i. Cash and cash equivalents	5	3.09	2.60
ii. Bank balances other than (i) above	5	1,100.18	1,038.93
iii Other financial assets	6	42.16	39.98
Other Current Assets	7	3.69	0.85
<b>Total current assets</b>		<b>1,149.12</b>	<b>1,082.36</b>
<b>Total assets</b>		<b>2,731.74</b>	<b>2,642.24</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	8	15.00	15.00
Other equity	9	314.15	255.85
<b>Total Equity</b>		<b>329.15</b>	<b>270.85</b>
<b>Non-current liabilities</b>			
Financial Liabilities			
i. Borrowings	10	869.38	899.15
Deferred tax liabilities (net)	18	123.47	214.89
<b>Total non-current liabilities</b>		<b>992.85</b>	<b>1,114.04</b>
<b>Current liabilities</b>			
Financial Liabilities			
i. Borrowings	11	240.00	150.00
ii. Trade payables	12	1.22	1.21
iii. Other financial liabilities	13	159.99	159.99
Other current liabilities	14	1,008.53	946.15
<b>Total current liabilities</b>		<b>1,409.74</b>	<b>1,257.35</b>
<b>Total liabilities</b>		<b>2,402.59</b>	<b>2,371.39</b>
<b>Total Equity and Liabilities</b>		<b>2,731.74</b>	<b>2,642.24</b>

See accompanying notes to the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells

Chartered Accountants

Registration No. 117364W

*Ketan Sablok*

Ketan Sablok

Din: 07660297

*Ketan Vora*

Ketan Vora

Partner

Membership no. 100459

*M. D. Pandya*

M. D. Pandya

Din: 00087976

*Rajesh R Dave*

Rajesh R Dave

Din: 07264376

Place : Mumbai

Date : 03 May, 2019

Place : Mumbai

Date : 03 May, 2019





**Sulakshana Securities Limited**  
**Statement of Profit or Loss and Other Comprehensive Income for the year ended March 31, 2019**

Rs. in lakhs			
Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>INCOME</b>			
Other income	15	409.97	393.63
<b>Total Income</b>		<b>409.97</b>	<b>393.63</b>
<b>Expenses</b>			
Finance costs	16	306.22	96.48
Depreciation and amortisation expense	1	28.20	28.20
Other Expenses	17	27.21	30.37
<b>Total Expenses</b>		<b>361.63</b>	<b>155.05</b>
<b>Profit before tax</b>		<b>48.34</b>	<b>238.58</b>
<b>Tax expenses</b>			
(1) Current tax		81.46	72.51
(2) Deferred tax		(91.42)	(22.30)
<b>Total Tax expenses</b>		<b>(9.96)</b>	<b>50.21</b>
<b>Profit for the period</b>		<b>58.30</b>	<b>188.37</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the period</b>		<b>58.30</b>	<b>188.37</b>
Earnings per equity share (of face value of Rs. 10/- each)			
(1) Basic (in Rs.)	19	38.87	125.58
(2) Diluted (in Rs.)	19	38.87	125.58

See accompanying notes to the financial statements

In terms of our report attached.

**For Deloitte Haskins & Sells**

Chartered Accountants

Registration No. 117364W

*Ketan Sablok*

Ketan Sablok

Din: 07660297

*Ketan Vora*

**Ketan Vora**

**Partner**

Membership no. 100459



*M. D. Pandya*

M. D. Pandya

Din: 00087976

*R. R. Dave*

Rajesh R Dave

Din: 07264376



Place : Mumbai

Date : 03 May, 2019

Place : Mumbai

Date : 03 May, 2019

4

**Sulakshana Securities Limited**

**Statement of Changes in Equity for the year ended March 31, 2019**

**a. Equity share capital**

Rs. in lakhs

Particulars	Amount
Balance at March 31, 2018	15.00
Changes during the year	-
Balance at March 31, 2019	15.00

**b. Other equity**

Particulars	Retained earnings	Deemed contribution from Parent	Total
Balance at March 31, 2018	(559.69)	815.54	255.85
Profit for the year	58.30		58.30
Balance at March 31, 2019	(501.39)	815.54	314.15

In terms of our report attached.

**For Deloitte Haskins & Sells**

Chartered Accountants

Registration No. 117364W

*Ketan Sablok*

Ketan Sablok Din: 07660297

*M. D. Pandya*

M. D. Pandya Din: 00087976

*Ketan Vora*

**Ketan Vora**

**Partner**

Membership no. 100459

Place : Mumbai

Date : 03 May, 2019



*Rajesh R Dave*

Rajesh R Dave Din: 07264376

Place : Mumbai

Date : 03 May, 2019

4



Sulakshana Securities Limited  
Statement of Cash flows for the year ended March 31, 2019

Rs. in lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A. Cash flow from operating activities</b>		
Profit before tax	48.34	238.58
Adjustments for:		
Depreciation and amortisation expense	28.20	28.20
Interest income	(8.91)	(8.87)
Gain on Investments	(8.16)	(1.16)
Finance cost	306.22	96.48
Operating profit before working capital changes	365.69	353.23
Movements in working capital:		
-(Increase) / decrease in other assets	24.12	(0.89)
-Increase / (decrease) in trade payable	0.01	(1.22)
-Increase / (decrease) in other financial liabilities	-	-
-Increase / (decrease) in other liabilities	62.38	63.55
<b>Cash generated from operations</b>	<b>452.20</b>	<b>414.67</b>
Income taxes paid	(120.55)	(78.84)
<b>Net cash generated by operating activities</b>	<b>331.65</b>	<b>335.83</b>
<b>B. Cash flows from investing activities</b>		
Bank balances not considered as cash and cash equivalents	(63.44)	(60.14)
Investment in MF units	(33.00)	(51.00)
Interest income	8.91	8.87
Profit on sale of Investments	2.36	0.52
<b>Net cash (used in)/generated by investing activities</b>	<b>(85.17)</b>	<b>(101.75)</b>
<b>C. Cash flows from financing activities</b>		
Repayments of borrowings (net)	(245.99)	(236.00)
<b>Net cash (used in)/generated by financing activities</b>	<b>(245.99)</b>	<b>(236.00)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>0.49</b>	<b>(1.92)</b>
Cash and cash equivalents at the beginning of the year	2.60	4.52
<b>Cash and cash equivalents at the end of the year (Refer note 5)</b>	<b>3.09</b>	<b>2.60</b>

In terms of our report attached.

For Deloitte Haskins & Sells

Chartered Accountants

Registration No. 117364W

*Ketan Sablok*

Ketan Sablok

Din: 07660297

*Ketan Vora*

Ketan Vora

Partner

Membership no. 100459

*M. D. Pandya*

M. D. Pandya

Din: 00087976

*Rajesh R Dave*

Rajesh R Dave

Din: 07264376

Place : Mumbai

Date : 03 May, 2019

Place : Mumbai

Date : 03 May, 2019



# **Sulakshana Securities Limited**

## **Notes forming part of financial statements for the year ended 31 March 2019**

### **1. SIGNIFICANT ACCOUNTING POLICIES**

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

#### **(A) Basis of preparation**

##### **(i) Compliance with Indian Accounting Standards (Ind AS)**

The financial statements comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rules, 2016] and the Companies (Indian Accounting Standards) Rules, 2018 and other relevant provisions of the Act.

##### **(ii) Historical Cost Convention**

The financial statements have been prepared on the historical cost basis except for certain financial instrument, financial assets and liabilities.

##### **(iii) Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Division II of Schedule III to the Companies Act, 2013.

##### **(iv) Rounding of amounts**

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

#### **(B) Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services.

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract.

##### **(i) Interest Income**

Interest Income from a Financial Assets is recognised using effective interest rate method.

The Ministry of Corporate Affairs (MCA), on 28th March, 2018 notified Ind AS 115 "Revenue from Contracts with Customers" as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018 and the same is effective for the accounting periods beginning on or after 1st April, 2018. The application of this standard did not have any material impact on the financial statements of the Company.





## **Sulakshana Securities Limited**

### **Notes forming part of financial statements for the year ended 31 March 2019**

#### **(C) Leases**

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

#### **(D) Income taxes**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax expenses comprises of current tax and deferred tax.

##### **(i) Current Tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **(ii) Deferred Tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the balance sheet date. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Minimum Alternate Tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as deferred tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent it is probable that future taxable profit will be available against which these tax credit can be utilised. Such an asset is reviewed at each Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case, the tax is also recognised in Other Comprehensive Income or directly in equity, respectively.



## **Sulakshana Securities Limited**

### **Notes forming part of financial statements for the year ended 31 March 2019**

#### **(E) Investment property**

All items of property are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount of asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred. Gains or losses arising on retirement or disposal of assets are recognised in the Statement of Profit and Loss.

Property which is not ready for the intended use on the date of the Balance Sheet is disclosed as "Capital work-in-progress".

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at the end of each reporting period.

#### **(F) Impairment of assets**

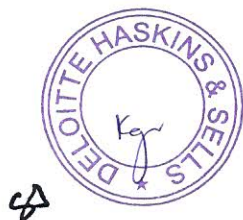
The carrying amounts of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal/external factors. For the purposes of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets, is considered as a cash generating unit. An impairment loss on such assessment will be recognised wherever the carrying amount of an asset/cash generating unit exceeds its recoverable amount. The recoverable amount of the assets/ cash generating unit is fair value less costs of disposal or value in use, whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is reversed depending on changes in the circumstances and to the extent that carrying amount of the assets does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

#### **(G) Cash and Cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **(H) Borrowing Cost**

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





## **Sulakshana Securities Limited**

**Notes forming part of financial statements for the year ended 31 March 2019**

### **(I) Earnings per share**

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

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### **(J) Provisions and contingencies**

Provisions are recognized when there is a present obligation (legal and constructive) as a result of a past event, it is probable that cash outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate can be made of the amount of the obligation. When a provision is measured using cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the ability. The increase in the provision due to the passage of time is recognised as interest expense.

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

### **(K) Critical estimates and judgements**

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- (a) Useful lives of property (refer note 1(E) )
- (b) Impairment loss on investments carried at cost (refer note 1(F) )
- (c) Estimation of provisions and contingent liabilities (refer note 1(J) )



## **Sulakshana Securities Limited**

### **Notes forming part of financial statements for the year ended 31 March 2019**

#### **Standards issued but not effective**

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 – Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2019.

#### **A) Issue of Ind AS 116 – Leases**

Ind AS 116 will supersede the current standard on leases i.e. Ind AS 17- Leases. As per Ind AS 116, the lessor will have to bring to books all the non-cancellable portion of leasing arrangement.

#### **B) Amendment to existing Standards**

The MCA has also carried out amendments of the following accounting standards

Ind AS 103 – Business Combinations

Ind AS 109 - Financial Instruments

Ind AS 111 – Joint Arrangements

Ind AS 12 – Income Taxes

Ind AS 19 – Employee Benefits

Ind AS 23 – Borrowing Costs

Ind AS 28 - Investment in Associates and Joint Ventures

Application of above standards are not expected to have any significant impact on the Company's financial statements.



CS





## Sulakshana Securities Limited

## Notes to the financial statements for the year ended March 31, 2019

## 1 Investment Property

Rs. in lakhs

Description of Assets	Buildings
<u>I. Gross Block</u>	
Balance as at 31st March, 2018	1,378.52
Additions	-
Disposals	-
Balance as at 31st March, 2019	1,378.52
<u>II. Accumulated depreciation and impairment for the year 2018-2019</u>	
Balance as at 31st March, 2018	56.40
Charge for the period	28.20
Balance as at 31st March, 2019	84.60
<u>Net block (I-II)</u>	
Balance as on 31st March 2019	1,293.92
Balance as on 31st March 2018	1,322.12

Rs. in lakhs

Description of Assets	Buildings
<u>I. Gross Block</u>	
Balance as at 31st March, 2018	1,378.52
<u>II. Accumulated depreciation and impairment for the year 2017-2018</u>	
Balance as at 31st March, 2017	28.20
Charge for the period	28.20
Balance as at 31st March, 2018	56.40
<u>Net block (I-II)</u>	
Balance as on 31st March 2018	1,322.12

Fair value (Rs. in lakhs)	As at	
	31-Mar-19	31-Mar-18
Investment properties	5,045.51	5,006.40

The fair values of investment properties have been carried at on the basis of a valuation carried out on the respective dates by an accredited independent valuer. The fair value was determined based on the market comparable approach based on recent market prices without any significant adjustments being made to market observable data.



Sulakshana Securities Limited  
Notes to the financial statements

2 Investments (Non-Current)

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Investments in mutual funds - (at fair value through profit or loss)		
Kotak Corporate Bond Fund - Growth	90.44	51.65
<b>Total</b>	<b>90.44</b>	<b>51.65</b>

3 Loans (Non-Current)

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
- Security deposits	0.55	0.55
<b>Total</b>	<b>0.55</b>	<b>0.55</b>

4 Other assets (Non-Current)

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Advance income tax (net of provisions Rs.459.65 lacs) (As at 31 March, 2018 Rs.378.19 lacs) -		
Unsecured, considered good	102.58	63.48
Lease rent equalisation	95.13	122.09
<b>Total</b>	<b>197.71</b>	<b>185.57</b>

5



Sulakshana Securities Limited  
Notes to the financial statements

5 Cash and bank balances

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(i) Cash and cash equivalents</b>		
Cash on hand	0.03	0.03
Balances in current account with scheduled banks	3.06	2.57
<b>Total - Cash and cash equivalents</b>	<b>3.09</b>	<b>2.60</b>
<b>(ii) Balances other than (i) above</b>		
Deposit - money received under protest	925.37	872.00
Deposit balances	139.89	132.00
Balances in earmarked accounts (Unpaid matured debentures)	34.92	34.93
<b>Total - Other bank balances</b>	<b>1,100.18</b>	<b>1,038.93</b>

6 Other financial assets (Current)

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
	<b>Current</b>	<b>Current</b>
Interest accrued on fixed deposits	42.16	39.98
<b>Total</b>	<b>42.16</b>	<b>39.98</b>

7 Other assets (Current)

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
	<b>Current</b>	<b>Current</b>
Balances with government authorities		
CGST(Mah) input tax credit receivable	1.76	0.34
SGST(Mah) input tax credit receivable	1.76	0.34
Prepayments	0.17	0.17
<b>Total</b>	<b>3.69</b>	<b>0.85</b>



93





Sulakshana Securities Limited  
Notes to the financial statements

8 Equity share capital

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Authorised Shares</b>		
1,50,000 equity shares of Rs.10/- each (As at 31 March, 2018 - 1,50,000 equity shares of Rs.10/- each)	15.00	15.00
<b>Issued, subscribed and fully Paid shares</b>		
1,50,000 equity shares of Rs.10/- each (As at 31 March, 2018 - 1,50,000 equity shares of Rs.10/- each)	15.00	15.00
<b>Total</b>	<b>15.00</b>	<b>15.00</b>

- (a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period :

Particulars	Number of shares	Share capital
Balance at March 31, 2018	1,50,000	15.00
Changes during the year	-	-
Balance at March 31, 2019	<b>1,50,000</b>	<b>15.00</b>

- (b) Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each equity shareholder is entitled to one vote per share.

- (d) Details of shareholders holding Company:

Particulars	No. of fully paid ordinary shares	% of Holding
<b>As at March 31, 2019</b>		
Navin Fluorine International Limited, Parent Company	1,50,000	100%
<b>As at March 31, 2018</b>		
Navin Fluorine International Limited, Parent Company	1,50,000	100%



93



9 Other Equity

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Retained Earnings*	(501.39)	(559.69)
Deemed contribution from parent**	815.54	815.54
<b>Total</b>	<b>314.15</b>	<b>255.85</b>

\*This represent the surplus/ (deficit) in the statement of profit and loss. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

\*\* Company has availed a long term interest free loan from its parent company. Loan has been measured at fair value and the difference of principal amount of loan and the fair value of loan is being treated as 'deemed contribution from parent'.

10 Borrowings (non-current)

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured - at amortised cost</b>		
Term loan from parent company *	869.38	899.15
<b>Total non-current borrowings (A+B)</b>	<b>869.38</b>	<b>899.15</b>

\* Secured against first floor in Mafatlal Centre, Nariman Point, Mumbai-400020 under rights of subrogation, pending formal creation of charge

11 Borrowings (Current)

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Term loan from parent company	240.00	150.00
<b>Total</b>	<b>240.00</b>	<b>150.00</b>

12 Trade payables

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables	1.22	1.21
<b>Total</b>	<b>1.22</b>	<b>1.21</b>

Company does not have any payable to Micro, Small and Medium Enterprises.

13 Other financial liabilities (Current)

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposits received	124.68	124.68
Unclaimed matured debentures and interest accrued thereon	35.31	35.31
<b>Total</b>	<b>159.99</b>	<b>159.99</b>

14 Other liabilities (Current)

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Others (Refer Note 27)	1,001.72	940.15
Statutory remittances (Withholding Taxes)	6.81	6.00
<b>Total</b>	<b>1,008.53</b>	<b>946.15</b>



Sulakshana Securities Limited  
Notes to the financial statements

15 Other income

Rs. in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rental income from operating leases*	392.90	383.59
Net gain arising on financial assets mandatorily measured at FVTPL	8.16	1.17
Interest from banks on deposits	8.91	8.87
	<b>409.97</b>	<b>393.63</b>

\*Includes Rental income from holding Company Rs.108.48 lakhs and one other party Rs.284.42 lakhs.

16 Finance Costs

Rs. in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Unwinding of interest cost on interest free loan	306.22	96.48
<b>Total</b>	<b>306.22</b>	<b>96.48</b>

17 Other expenses

Rs. in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Repairs and Maintenance of Investment property	10.66	11.50
Insurance - Building	0.17	0.15
Legal and Professional Charges	1.97	4.30
Rates & Taxes	12.81	12.85
Printing and stationery	-	0.01
Audit fees		
- for statutory audit	1.35	1.35
- for taxation matter	-	-
Miscellaneous expenses	0.25	0.21
<b>Total</b>	<b>27.21</b>	<b>30.37</b>





18 Deferred Tax Balances

Rs. in Lakhs

The following is the analysis of deferred tax assets / (liabilities) presented in the balance sheet:

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax assets	-	-
Deferred tax liabilities	123.47	214.89
<b>Total</b>	<b>(123.47)</b>	<b>(214.89)</b>

18.1 Movement of Deferred Tax

Deferred tax assets/ liabilities in relation to the year ended March 31, 2019

Rs. in Lakhs

Particulars	Opening Balance	Recognised in Profit or loss	Closing balance
<u>Deferred tax liabilities in relation to:</u>			
Lease Rent Equalisation	42.30	(7.50)	34.80
Interest free loan from parent company	172.44	(85.19)	87.25
Investments measured at Fair value	0.15	1.27	1.42
<b>Total deferred tax liabilities</b>	<b>214.89</b>	<b>(91.42)</b>	<b>123.47</b>
<b>Total deferred tax assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net deferred tax assets/ (liabilities)</b>	<b>(214.89)</b>	<b>(91.42)</b>	<b>(123.47)</b>

Deferred tax assets/ liabilities in relation to the year ended March 31, 2018

Rs. in Lakhs

Particulars	Opening Balance	Recognised in Profit or loss	Closing balance
<u>Deferred tax liabilities in relation to:</u>			
Lease Rent Equalisation	39.82	2.48	42.30
Interest free loan from parent company	197.37	(24.92)	172.44
Investments measured at Fair value		0.15	0.15
<b>Total deferred tax liabilities</b>	<b>237.19</b>	<b>(22.30)</b>	<b>214.89</b>
<b>Total deferred tax assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net deferred tax assets/ (liabilities)</b>	<b>(237.19)</b>	<b>(22.30)</b>	<b>(214.89)</b>



SP



**Sulakshana Securities Limited**  
**Notes to the financial statements**

**19 Earning per share**

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit attributable to equity shareholders - (Rs. in Lakhs)	58.30	188.37
Weighted average number of equity shares outstanding during the year	1,50,000	1,50,000
Basic earnings per share - Rs.	38.87	125.58
Diluted earnings per share - Rs.	38.87	125.58
Nominal value per share - Rs.	10.00	10.00



81



Sulakshana Securities Limited  
Notes to the financial statements

**20 Leasing arrangement**

The Company has given office premises under lease rental agreement. These office premises have been presented as investment properties in these financial statements. Details of minimum lease payments for non-cancellable leases are as under:

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Not later than one year	322.58	317.37
Later than one year and not later than five years	362.46	685.04
Later than five years	-	-
<b>Total</b>	<b>685.04</b>	<b>1,002.41</b>
Operating lease rentals credited to the Statement of Profit and Loss	392.90	383.59



९३





## 21 Financial Instruments and Risk Review

### 21.1 Capital Management

The Company manages its capital to ensure that Company will be able to continue as going concerns while maximizing the return through the optimization of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings off set by cash and bank balances) and equity of the Company.

The Company's capital requirement is mainly to fund its working capital requirements. The principal source of funding the Company was interest free loan from its parent company. Total equity of the Company is in deficit. Going forward, it is expected that Company will generate cash from its operations. The Company is not subject to any externally imposed capital requirements.

### 21.2 Categories of financial instruments

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Financial assets</b>		
<u>Measured at Amortised Cost</u>		
– Cash and Bank Balances	1,103.27	1,041.53
– Loans	0.55	0.55
– Interest receivable	42.16	39.98
<u>Measured at fair value through profit and loss (FVTPL)</u>		
– Investment in mutual funds	90.44	51.65
<u>Measured at fair value through other comprehensive income (FVTOCI)</u>	-	-
<b>Financial liabilities</b>		
<u>Measured at Amortised Cost</u>		
– Borrowing	869.38	899.15
– Trade payable	1.22	1.21
– Other financial liabilities	159.99	159.99
<u>Measured at fair value through profit and loss (FVTPL)</u>	-	-

At the end of the reporting period, there are no significant concentrations of credit risk for financial assets measured at FVTPL. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such Financial assets.

### 21.3 Financial risk management objectives

Company has limited type of financial instruments and therefore is not exposed much the risks attached to the financial instruments. The Company's management monitors and manages the financial risks relating to the financial instruments. Company is exposed to credit risk and liquidity risk.

### 21.4 Market Risks

Company does not deal in transaction in currency other than its functional currency therefore it is not exposed to foreign currency exchange risk. Similarly, Company does not have exposures to interest bearing securities.

### 21.5 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Company does not have any trade receivable and therefore credit risk exposure is minimum. For company, credit risk arises from balances with banks and financial institutions. As at balance sheet date, the Company does not have significant concentration of credit risk. The credit risk on liquid funds/ balances with banks is limited because the counterparties are banks or financial institutions with high credit-ratings assigned by credit-rating agencies.



## 21.6 Liquidity risk

Company has an interest free loan from its parent company. The loan has been granted as a support to the Company under the order of Board of Industrial and Financial Reconstruction when the Company was established. There is no agreed repayment schedule for the loan however Company has to pay this as per the surplus availability.

### Liquidity risk tables

The following table details the Company's remaining contractual maturity for its financial liabilities (non-derivative and derivative) with agreed repayment periods. 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. The tables include both interest and principal cash flows, if any. Maturity profile of interest free loan is derived based on the expectation.

				Rs. in Lakhs
Particulars	Carrying amount	Less than 1 year	more than 1 year	Total
<b>As at 31 March 2019</b>				
– Borrowing	869.38	150.00	1,273.00	1,423.00
– Trade payable	1.22	1.22	-	1.22
– Other financial liabilities	159.99	159.99	-	159.99
<b>As at 31 March 2018</b>				
– Borrowing	899.15	150.00	1,519.00	1,669.00
– Trade payable	1.21	1.21	-	1.21
– Other financial liabilities	159.99	159.99	-	159.99

### Fair Value Measurement and related disclosures

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

Financial assets measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Investments in mutual funds				
As at March 31, 2019	90.44			90.44
As at March 31, 2018	51.65			51.65

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

Level 2: The fair value of financial instruments that are not traded in an active market 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 is not based on observable market data, the instrument is included in level 3.

### Fair value of Financial assets and liabilities measured at amortised cost

Management of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the balance sheet approximate their fair values.



9



Sulakshana Securities Limited  
Notes to the financial statements

**22 Income taxes relating to continuing operations**

The income tax expense for the year can be reconciled to the accounting profit as follows:

Rs. in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax from continuing operations	48.34	238.58
Tax rate enacted in India	27.8200%	27.5525%
Expected income tax expense / (benefit) at statutory tax rate	13.45	65.73
Effect of:		-
Tax allowances	(37.53)	(34.21)
Expenses not deductible for tax purposes	14.47	14.47
Tax related to earlier year	-	-
Difference of tax rate	(0.35)	2.03
Others		2.19
Income tax expense recognised in statement of profit and loss	(9.96)	50.21

The tax rate used for 2018-2019 and 2017-2018 reconciliations above is the corporate tax rate (including cess and relevant surcharge) applicable for corporate entities in India on taxable profits under the Indian tax law.



4





Sulakshana Securities Limited  
Notes to the financial statements

23 Related party transactions

Parent entity and ultimate controlling party

Navin Fluorine International Limited

Details of transactions and balances with related parties:

Rs. in Lakhs

Transaction during	Year ended March 31, 2019	Year ended March 31, 2018
<b>Transaction with Parent Company:</b>		
Rendering of services	108.48	108.48
Interest on loan	306.22	96.48
Loan/ Advances received	144.65	93.75
Loan/ Advances repaid to	390.65	329.75
	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>Balances with Parent Company:</b>		
Amount due to as at the year end	1,109.38	1,049.15
Security deposit payable as at the year end	1.00	1.00



8



Sulakshana Securities Limited  
Notes to the financial statements

24 Contingent liabilities

Rs. in Lakhs

Description	March 31, 2019	March 31, 2018
In respect of:		
<b>a. Excise matters disputed in appeal</b> These relate to MODVAT on capital purchases (pending before the Assistant Commissioner) and permit fee on purchase of alcohol (pending before the High Court)	-	-
<b>b. Claims against the Company not acknowledged as debts</b> Labour matters involving issues like regularization of employment, termination of employment, compensation against severance, etc.	-	-
<b>c. Sales-tax matters disputed in appeal</b> These relate to classification of goods and consequent dispute on the rates of sales-tax (pending at various stages from Assistant Commissioner to High Court)	-	-
<b>d. Income tax matters disputed in appeal</b>	29.45	29.45

It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.



SP



## **Sulakshana Securities Limited**

### **Notes forming part of financial statements for the year ended 31 March 2019**

- 25.a The Board for Industrial & Financial Reconstruction (BIFR) had declared Mafatlal Industries Limited (MIL), a sick industrial undertaking, within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 ('the Act') on 19<sup>th</sup> September, 2000, and sanctioned a scheme for its rehabilitation ("SS") on 30<sup>th</sup> October, 2002, issued on 15<sup>th</sup> November, 2002.
- b. In this SS, the Company was identified as a 'special purpose vehicle' into which the Real Estate and Investment Business of MIL was demerged for settlement of MIL's secured term lenders at the values determined in the SS. Against this demerger, the shareholders of MIL were to be issued one equity share of Rs. 10/- each fully paid-up in the Company for every 500 shares of Rs. 100/- each fully paid-up held in MIL as consideration for the demerger, aggregating to Rs. 100,000/-. Accordingly, assets valued as per SS of Rs. 14,905.59 lacs along with settled values of secured term liabilities of the like amount had been transferred to the Company on the Appointed Date (1<sup>st</sup> April, 2002) and effect given in the accounts in the relevant year.
- c. In respect of other settled values of secured term liabilities of MIL transferred to the Company settlement had been reached in the previous years.

For paying off settlement amounts, monies have been borrowed from Navin Fluorine International Limited ("NFIL"). In terms of the SS, NFIL has residuary rights on the assets of Sulakshana Securities Limited as available to a guarantor under section 140 and 141 of Indian Contract Act, 1872 for all payments made by it towards such repayment of dues.



es





## **Sulakshana Securities Limited**

### **Notes forming part of financial statements for the year ended 31 March 2019**

- d. The net worth of MIL has turned positive and consequently it has been deregistered from BIFR.
26. As mentioned in note 25 above, the Company has been identified as a 'special purpose vehicle' in the process of implementation of the SS of MIL. Therefore, though the accumulated losses have exceeded its shareholders' funds (excluding deemed contribution from parent) as at 31<sup>st</sup> March, 2019, the accounts of the Company have been prepared on going concern basis. Further the company has continued support of the holding company. The market value of the immovable property is much higher than the cost and long term rent agreement has been entered into.
27. Before transfer of assets to the Company by Mafatlal Industries Limited ( MIL) pursuant to its sanctioned scheme of rehabilitation, MIL had initiated steps for revision in rent/recovery of expenses and filed legal proceedings for eviction of some of its tenants/ (now) ex-tenants who were occupying at that time some of the premises in its building at Nariman Point, Mumbai. Pending resolution of those legal cases, rent of Rs. Nil, previous year, Rs. Nil, (aggregate to date, Rs. 66.43 lacs, as at 31<sup>st</sup> March, 2018, Rs.66.43 lacs) and recovery of expenses, of Rs. Nil, previous year, Rs. Nil (aggregate to date, Rs. 42.40 lacs, as at 31<sup>st</sup> March, 2018 Rs. 42.40 lacs), have not been accounted, on legal advice. The ex-tenants have filed Civil Revision Application and secured a stay from the Hon'ble Bombay High Court in April 2013 against the Order of the appeal bench of Hon'ble Small Causes Court awarding an increased amount to the Company. During the year 2014-15, pursuant to the directions of the Hon'ble Bombay High Court and the Undertakings provided by the Company, the Company received Rs. 655.58 lacs deposited by the ex- tenants, which is subject to final disposal of the matter. The Company is liable to refund the amount if the final decision goes against the Company. Pending final decision on the matter, the aforesaid amount has been kept in Term deposit account and the interest thereon is not considered as an Income.



**Ketan Sablok**



**Manoj D. Pandya**



**Rajesh R Dave**

)  
)  
)  
)  
) Directors  
)  
)  
)

Mumbai, dated, 03 May, 2019

93

