GFL GM FLUORSPAR SA

9th

ANNUAL REPORT

2019-2020

PATANKAR
& ASSOCIATES
Chartered Accountants

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Independent Auditor's Report to the Board of Directors of Gujarat Fluorochemicals Limited (earlier known as Inox Fluorochemicals Limited)

Report on the Special Purpose Ind AS Financial Statements of GFL GM Fluorspar SA

Opinion

We have audited the accompanying special purpose Ind AS financial statements of **GFL GM Fluorspar SA** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "Financial Statements"). The financial information has been prepared by the management as described in Note 2.1 to these Financial Statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ("the Act"), of the state of affairs of the Company as at 31st March 2020, its loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date in accordance with Note 2.1 to the Financial Statements.

Basis for Opinion

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

Emphasis of Matter

As described in the Note 2.2, in preparation of these Financial Statements, the Company has considered the effect of uncertainties due to COVID-19 pandemic on the operations of the Company. The actual impact of COVID-19 pandemic may be different from that estimated as on the date of approval of the Financial Statements. Our report is not modified in respect of these matters.

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Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of the financial statements 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 (Ind AS).

This responsibility also includes maintenance of adequate accounting records 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 statements 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.

The management is 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 judgement 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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.

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.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2.1 to the Financial Statements, which describes the basis of accounting. The Financial Statements are prepared to assist the holding Company, Gujarat Fluorochemicals Limited, to comply with the requirements of Section 129(3) of the Act. These financial statements are not the statutory financial statements of the Company. As a result, these Financial Statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted or circulated, or referred to, in correspondence or discussion, in whole or in part or distributed to anyone other than the purpose for which it has been issued without our prior written consent.

For Patankar & Associates,
Chartered Accountants
Firm's Registration No. 107628W

S S Agrawal
Partner
Membership No. 049051

Place: Pune
Date: 29th July 2020
UDIN: 20049051AAAAAQ3064

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GFL GM FLUORSPAR SA
Balance Sheet as at 31 March 2020

(Rs. In Lakhs)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
(1) ***Non-current assets***			
(a) Property, plant & equipment	5	9,460.87	10,308.65
(b) Right-of-use assets	6	94.56	-
(c) Intangible assets	7	681.52	736.40
(d) Financial assets			
(i) Loans	8	83.50	80.20
(e) Other non-current assets	9	1,376.60	1,272.37
Sub-total		**11,697.05**	**12,397.62**
(2) ***Current assets***			
(a) Inventories	10	2,327.87	1,245.35
(b) Financial Assets			
(i) Trade Receivables	11	79.63	358.77
(ii) Cash & cash equivalents	12	227.09	104.12
(c) Other current assets	9	9.51	0.02
Sub-total		**2,644.10**	**1,708.26**
Total Assets		**14,341.15**	**14,105.88**
EQUITY & LIABILITIES			
Equity			
(a) Equity share capital	13	1,349.96	1,349.96
(b) Other equity	14	(5,461.59)	(2,560.31)
Sub-total		**(4,111.63)**	**(1,210.35)**
LIABILITIES			
(1) ***Non-current liabilities***			
(a) Financial liabilities			
(i) Borrowings	15	9,152.77	9,740.82
(ii) Other financial liabilities	16	26.84	-
Sub-total		**9,179.61**	**9,740.82**
(2) ***Current liabilities***			
(a) Financial liabilities			
(i) Borrowings	17	1,469.35	1,113.47
(ii) Trade payables	18	1,822.26	866.11
(iii) Other financial liabilities	19	3,016.17	2,683.52
(b) Other current liabilities	20	2,928.86	869.97
(c) Provisions	21	25.11	19.91
(d) Current tax liabilities (net)	22	11.42	22.43
Sub-total		**9,273.17**	**5,575.41**
Total Equity & Liabilities		**14,341.15**	**14,105.88**

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GFL GM FLUORSPAR SA

Balance Sheet as at 31 March 2020 - continued

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

As per our report of even date attached
For Patankar & Associates
Chartered Accountants
Firm's Registration No. 107628W

S.S. Agrawal
Partner
Membership No. 049051

Place: Pune
Date: 29 July 2020

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For GFL GM Fluorspar SA

Deepak Asher
Chairman and
Managing Director

Place: Vadodara
Date: 29 July 2020

V. K. Soni
Director

Place: New Delhi
Date: 29 July 2020

GFL GM FLUORSPAR SA

Statement of Profit and Loss for the year ended on 31 March 2020

(Rs. In Lakhs)

	Particulars	Notes	2019-2020	2018-2019
	Revenue			
I	Revenue from operations	23	4,846.45	322.51
	Total Revenue		**4,846.45**	**322.51**
II	**Expenses**			
	Material extraction and processing cost	24	3,892.44	343.06
	Changes in inventories of finished goods and work-in-progress	25	(803.10)	(292.66)
	Power & fuel		496.81	52.52
	Employee benefits expense	26	393.14	78.33
	Finance costs	27	591.35	291.29
	Depreciation and amortisation expense	28	1,461.84	208.53
	Net loss on foreign currency transactions and translation		520.08	373.96
	Other expenses	29	969.66	168.63
	Total expenses (II)		**7,522.22**	**1,223.66**
III	**Loss before tax (II-III)**		**(2,675.77)**	**(901.15)**
IV	Tax expense	30		
	(1) Current tax		29.75	23.40
	(2) Taxation pertaining to earlier years		(8.08)	0.75
			21.67	**24.15**
V	**Loss for the year (III-IV)**		**(2,697.44)**	**(925.30)**
VI	**Other comprehensive income**			
	Items that will be reclassified to profit or loss			
	Exchange differences in translating the financial statements of foreign operations		(203.84)	13.75
	Total other comprehensive income		**(203.84)**	**13.75**
VII	**Total comprehensive income for the year (V+VI)**		**(2,901.28)**	**(911.55)**
VIII	Basic and Diluted loss per equity share	37	(1,433.66)	(491.79)

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
For Patankar & Associates
Chartered Accountants
Firm's Registration No. 107628W

S.S.Agrawal
Partner
Membership No. 049051

Place: Pune
Date: 29 July 2020

PATANKAR & ASSOCIATES ★ Chartered Accountants ★ 19, Gold Wings, Parvati Nagar, Sinhgad Road, PUNE-30

For GFL GM Fluorspar SA

Deepak Asher
Chairman and Managing Director

Place: Vadodara
Date: 29 July 2020

V. K. Soni
Director

Place: New Delhi
Date: 29 July 2020

GFL GM FLUORSPAR SA
Statement of Cash flows for the year ended 31 March 2020

(Rs. In Lakhs)

Particulars	2019-2020	2018-2019
A Cash flow from operating activities		
Loss for the year	**(2,697.44)**	**(925.30)**
Adjustments for :		
Tax expense	21.67	24.15
Finance costs	591.35	291.29
Depreciation and amortization expenses	1,461.84	208.53
Exchange difference on translation of assets and liabilities	14.54	(6.21)
Operating loss before working capital changes	(608.04)	(407.54)
Adjustments for :		
(Increase)/ decrease in Inventories	(1,082.52)	(1,245.35)
(Increase)/ decrease in trade receivables	279.14	(358.77)
(Increase)/ decrease in Long-term loans	-	(41.36)
(Increase)/ decrease in Short-term loans	-	21.35
(Increase)/ decrease in Other non current assets	(121.01)	(184.14)
(Increase)/ decrease in Other current financial assets	-	61.40
(Increase)/ decrease in Other current assets	(9.49)	0.27
Increase/ (decrease) in Other current financial liabilities	(27.02)	223.05
Increase/ (decrease) in Short-term provisions	5.20	8.38
Increase/ (decrease) in Other current liabilities	2,058.89	398.93
Increase/ (decrease) in Trade payables	956.15	664.43
Cash generated from/(used in) operations	1,451.30	(859.35)
Income tax paid (net)	(32.67)	(1.70)
Net cash generated from/(used in) operating activities	1,418.63	(861.05)
B Cash flow from investing activities		
Acquisition of property, plant and equipment (including changes in capital advances and Capital WIP)	(36.31)	(930.81)
Net cash used in investing activities	(36.31)	(930.81)
C Cash flow from financing activities		
Proceeds from long-term borrowings	-	2,361.07
Repayment of long-term borrowings	(1,211.05)	(1,011.57)
Proceeds from short-term borrowings (net)	355.88	200.98
Finance costs	(372.01)	(92.47)
Payment of lease liabilities	(32.17)	-
Finance lease payments	-	(31.26)
Net cash generated from/(used in) financing activities	(1,259.35)	1,426.75
Net increase/(decrease) in cash and cash equivalents	122.97	(365.11)
Cash and cash equivalents as at the beginning of the year	104.12	469.23
Cash and cash equivalents as at the end of the year	227.09	104.12

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GFL GM FLUORSPAR SA

Statement of Cash flows for the year ended 31 March 2020 - continued

Changes in liabilities arising from financing activities:

Particulars	2019-2020		2018-2019	
	Non-current Borrowing	Current Borrowing	Non-current Borrowing	Current Borrowing
Opening balance	11,369.70	1,119.41	9,936.01	916.96
Cash flows	(1,211.05)	355.88	1,318.24	200.98
Interest expense	451.00	69.46	525.07	63.27
Interest paid	(138.43)	(36.26)	(327.72)	(61.80)
Foreign exchange loss/(gain)	712.94	(33.17)	(10.55)	-
Closing balance	**11,184.16**	**1,475.32**	**11,441.05**	**1,119.41**

Note:

1) The above Statement of cash flows has been prepared under the indirect method.
2) Components of cash and cash equivalents are as per Note 12
3) The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
For Patankar & Associates
Chartered Accountants
Firm's Registration No. 107628W

S.S.Agrawal
Partner
Membership No. 049051

Place: Pune
Date: 29 July 2020

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For GFL GM Fluorspar SA

Deepak Asher
Chairman and
Managing Director

Place: Vadodara
Date: 29 July 2020

V. K. Soni
Director

Place: New Delhi
Date: 29 July 2020

GFL GM FLUORSPAR SA

Statement of changes in equity for the year ended 31 March 2020

A. Equity Share Capital	(Rs. In Lakhs)
Balance at 1 April 2018	1,349.96
Changes in equity share capital during the year	-
Balance as at 31 March 2019	**1,349.96**
Changes in equity share capital during the year	-
Balance as at 31 March 2020	**1,349.96**

B. Other Equity

(Rs. In Lakhs)

Particulars	Reserves & Surplus	Other comprehensive income	Total
	Retained Earnings	Foreign currency translation reserve	
Balance at 1 April 2018	**(1,555.29)**	**(93.47)**	**(1,648.76)**
Loss for the year	(925.30)	-	(925.30)
Other comprehensive income for the year	-	13.75	13.75
Total comprehensive income for the year	(925.30)	13.75	(911.55)
Balance as at 31 March 2019	**(2,480.59)**	**(79.72)**	**(2,560.31)**
Loss for the year	(2,697.44)	-	(2,697.44)
Other comprehensive income for the year	-	(203.84)	(203.84)
Total comprehensive income for the year	(2,697.44)	(203.84)	(2,901.28)
Balance as at 31 March 2020	**(5,178.03)**	**(283.56)**	**(5,461.59)**

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

As per our report of even date attached
For Patankar & Associates
Chartered Accountants
Firm's Registration No. 107628W

For GFL GM Fluorspar SA

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S.S. Agrawal
Partner
Membership No. 049051

Place: Pune
Date: 29 July 2020

Deepak Asher
Chairman and Managing Director

Place: Vadodara
Date: 29 July 2020

V. K. Soni
Director

Place: New Delhi
Date: 29 July 2020

GFL GM Fluorspar SA

Notes to the financial statements for the year ended 31st March, 2020

1. Company information

GFL GM Fluorspar SA ("the Company") is incorporated in Morocco and is engaged in the business of mining and sale of fluorspar. The Company is a subsidiary of Gujarat Fluorochemicals Pte. Limited, Singapore which is a subsidiary of Gujarat Fluorochemicals Limited earlier known as Inox Fluorochemicals Limited, India and its ultimate holding company is Inox Leasing and Finance Limited. The Company is a venture between Gujarat Fluorochemicals Singapore Pte. Limited and Global Mines SARL. All the activities of the Company are in Morocco.

The Company's registered office is located at 419 BD Ibntachfin, 1st Floor, Casablanca, Morocco.

2. Statement of compliance and basis of preparation and presentation

2.1 Statement of Compliance

These special purpose financial statements of the Company comply in all material aspects with the Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act, 2013 ("the Act") read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, relevant provisions of the Act and other accounting principles generally accepted in India and are prepared for the purpose of preparation of consolidated financial statements of the holding company, Gujarat Fluorochemicals Limited earlier known as Inox Fluorochemicals Limited, India. Accounting policies have been consistently applied except where a newly issued accounting standards initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use (see Note 2.4) and the disclosures in respect of significant accounting policies are made accordingly.

These financial statements were authorized for issue by the Company's Board of Directors on 29 July, 2020.

2.2 Assessment of COVID-19 pandemic impact

The COVID-19 pandemic has developed rapidly into a global crisis since March 2020 which has impacted all economic activities globally. The management has assessed the possible effects that may result from the COVID-19 pandemic on the carrying amounts of its assets and liabilities. Based on the review and current indicators of the economic conditions, the management is of the view that the impact of COVID-19 pandemic on the Company's business operations will not be significant and the Company will be able to realise the carrying amounts of assets and fulfil its obligations as they fall due. Due to the nature of the pandemic and the associated uncertainties, the Company will continue to monitor any changes in the future economic conditions that can materially affect the business operations of the Company.

2.3 Basis of Measurement

The functional currency of the Company is Moroccan Dirhams (MAD). However, for purposes of compliance with the requirements of the Act, as aforesaid, these financial statements have been translated into Indian Rupees, being presentation currency, in accordance with the methodology prescribed for conversion of financial statements in Indian Accounting Standard (Ind-AS) 21: Effects of Changes in Foreign Exchange Rates. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

For the purpose of presenting these financial statements, the assets and liabilities of the Company are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

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These financial statements have been prepared on an accrual basis and under the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the significant accounting policies.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Any asset or liability is classified as current if it satisfies any of the following conditions:

- the asset/liability is expected to be realized/settled in the Company's normal operating cycle;
- the asset is intended for sale or consumption;
- the asset/liability is held primarily for the purpose of trading;
- the asset/liability is expected to be realized/settled within twelve months after the reporting period;
- the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of products and services and the time between the acquisition of assets or inventories for processing and their realisation in cash and cash equivalents.

2.4 New accounting standards and recent accounting pronouncements

a. Standard issued and effective during the year

New accounting standard Ind AS 116: Leases:

The Ministry of Corporate Affairs (MCA) has notified Ind AS 116 "Leases", which is effective for accounting periods beginning on or after 1 April, 2019. Ind AS 116 supersedes the earlier Ind AS 17: Leases. As a lessee, the Company has transitioned to Ind AS 116 using 'modified retrospective approach'. Under this approach the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset an amount equal

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to lease liability. Further, the comparatives for the previous periods are not required to be restated. See Note 3.2 below for the new accounting policy on adoption to Ind AS 116 and Note 35 for further details.

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b. Amendments to existing accounting standards applicable to the Company:

Amendments to the following accounting standards have become applicable for the current reporting period:

- Amendments to Ind AS 12: Income tax

  On 30th March 2019, Ministry of Corporate Affairs had notified Appendix C: Uncertainty over Income-Tax Treatments. The interpretation addressed the accounting of income taxes when tax treatment involves uncertainty that affects the application of Ind AS 12. The effective date for adoption of Ind AS 12 Appendix C was annual periods beginning on or after 1 April 2019.
  Further, the amendments to Ind AS 12 clarified that the income tax consequences of dividend were linked more directly to past transactions or events that generated distributable profits than to distribution to owners. Therefore, an entity recognises the income tax consequences of dividend in the statement of profit and loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. These amendments are applicable from annual periods beginning on or after April 1, 2019. These amendments have no impact on the Company's financial statements.

- Amendment to Ind AS 19: Employee benefits
  The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. These amendments apply to plan amendments, curtailments, or settlements occurring from annual periods beginning on or after 1 April 2019 and apply only to any future plan amendments, curtailments, or settlements. This amendment is currently not applicable and will apply only to any future plan amendments, curtailments, or settlements.

- Amendment to Ind AS 23: Borrowing costs
  The amendment clarified that any borrowing originally made to develop a qualifying asset should be treated as a part of general borrowings when substantially all the activities necessary to prepare that asset for its intended use or sale are completed. This amendment is applicable to the borrowing costs incurred from April 1, 2019. This amendment has no impact on the Company's financial statements.

c. New accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. As per Notification dated 24th July 2020, amendments to the existing standards have been notified. All these amendments are effective for annual periods beginning 1st April 2020. The summary of these amendments is as under:

- Amendments to Ind AS 103 Business Combination: The amendments substitute the existing definition of "business" with a more detailed definition and also provides optional test to identify concentration of fair value, element of Businesses and Assessing whether an acquired process is substantive. These amendments will apply to future business combinations.
- Amendments to Ind AS 107 Financial Instruments – Disclosures: The amendments prescribe additional disclosures in respect of uncertainty arising from interest rate benchmark reform.
- Amendments to Ind AS 109 Financial Instruments: The amendments provide certain temporary exceptions from applying specific hedge accounting requirements. These amendments will have no impact on the Company's financial statements.
- Amendments to Ind AS 116 Leases: The amendments provide a practical expedient for treatment of rent concessions occurring as a direct consequence of COVID-19 pandemic and related clarifications. These amendments will have no impact on the Company's financial statements.
- Amendments to Ind AS 1 Presentation of Financial Statements and Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors: The amendments provide a new definition of the term "material" and also provides related clarifications.
- Amendments to Ind AS 10 Events after the Reporting Period: The conditions requiring disclosure for a non-adjusting event has been elaborated.

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- Amendments to Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets: The amendments are consequent to amendments to Ind AS 1, Ind AS 8 and Ind AS 10, and also provides clarifications in respect of restructuring plans.

3. Significant Accounting Policies

3.1 Revenue recognition

Revenue from contract with customers is recognized when the Company satisfies the performance obligation by transfer of control of promised product or service to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue excludes taxes collected from customers.

Sale of products: Revenue from sale of products is recognized when the control of the goods has been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e. when the material is shipped to the customer or on delivery to the customer, as per the terms of the contract.

No element of financing is deemed present as the payment of transaction price is either made in advance / due immediately at the point of sale or the sales are made with a credit term of less than 90 days, which is consistent with the market practice. There are no contracts where the period between the transfer of promised goods or services to the customers and payment by the customers exceed one year. Consequently, no adjustment is required to the transaction price for the time value of money.

Contract balances:
The Company classifies the right to consideration in exchange for deliverables as trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. Contract liabilities are presented as 'Advances from customers'.

Other income

Interest income from a financial asset is recognised on time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate which exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.2 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease viz. whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a) The Company as lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate.

"Lease liability" and "Right of use asset" have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.3 Foreign currency transactions and translation

The transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary items are translated using the closing rates. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not translated. Non-monetary items measured at fair value that are denominated in foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for

- as permitted by para D13AA of Ind AS 101, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. Accordingly, exchange differences on conversion and on settlement of long term foreign currency monetary items, where the long-term foreign currency monetary items relate to the acquisition of a depreciable capital asset, is adjusted to the cost of the asset, and depreciated over the balance life of the assets;
- exchange differences on foreign currency borrowings relating to assets under construction for future use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Employee benefits

Retirement benefit costs

Short-term employee benefits:

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19, Gold Wings, Parvati Nagar, Sinhgad Road, PUNE-30
Chartered Accountants

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. All short-term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees and recognized as expenses in the Statement of profit and loss. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These benefits include wages and salaries etc.

Long-term employee benefits:

The Company has only has only defined contribution plan under Long term employee benefits.

Defined contribution plans:

Payments to defined contribution retirement benefit plan viz. Contribution to Assurance Maladie Obligatoire (AMO) and CNSS are recognised as an expense when employees have rendered service entitling them to the contributions. Payments to defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions. The Company presents the component of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

3.6 Taxation

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

Current tax

Current tax comprises of amount of tax payable on taxable profit for the year determined in accordance with the provisions of the Morocco Income tax laws and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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Chartered Accountants

Presentation of current and deferred tax:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

3.7 Property, plant and equipment

An item of Property, Plant and Equipment (PPE) that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, PPE are carried at cost, as reduced by accumulated depreciation and impairment losses, if any.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.
Cost comprises of purchase price / cost of construction, including non-refundable taxes or levies and any expenses attributable to bring the PPE to its working condition for its intended use. Project pre-operative expenses and expenditure incurred during construction period are capitalized to various eligible PPE. Borrowing costs directly attributable to acquisition or construction of qualifying PPE are capitalised. In respect of accounting period commencing on or after 1 April 2011, the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP (see Note 3.3).

Spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation is recognised so as to write off the cost of PPE (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The useful lives prescribed in Schedule II to the Companies Act, 2013 are considered as the minimum lives. If the management's estimate of the useful life of a property, plant and equipment at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

PPE are depreciated over its estimated useful lives, determined as under:

- Furniture and fixtures 5 years
- Computers 3 years
- Office equipment 5 years
- Plant and Equipments 8 years

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- Building 9 years

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

3.8 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Estimated useful lives of the intangible assets are as follows:

- Mining Rights 16 years

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

3.9 Impairment of tangible and intangible assets other than Goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible 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. If it is not possible to measure fair value less cost of

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