



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF HARGAON PROPERTIES LIMITED**

**Report on the Audit of the standalone Financial Statements**

**Opinion**

We have audited the accompanying Standalone Ind AS financial statements of **HARGAON PROPERTIES LIMITED** ("the Company"), which comprises the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the 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 standalone Ind AS financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, its Loss and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Information Other than the Standalone 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 Board's Report including Annexure to Board's Report but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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



### **Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**


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

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

1. As required by the companies ( Auditor's Report ) Order 2016 ( " The Order " ) issued by the Central Government of India in terms of sub-section (11) of the section 143 of the Act, we give in the Annexure 'A' a statement on the matter specified in paragraph 3 and 4 of the Order , to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 operative effectiveness of such controls, refer to our separate report in Annexure 'B'.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.N.ROY & CO  
Chartered Accountants  
Firm Registration No – 313054E  
  
(S.N.ROY)  
Partner  
Membership No – 051056  
UDIN: 21051056AAAAFG8625



Place: Kolkata  
Date: 8<sup>th</sup>, May 2021

**Annexure - A to the Independent Auditor's Report**

The Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date in respect to statutory audit of **HARGAON PROPERTIES LIMITED** for the year ended 31st March, 2021, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.  
  
(b) The management has physically verified the Property, Plant & Equipment of the company to cover the entire block of assets once in a year and no material discrepancies were noticed. The procedure adopted by the management is reasonable in our opinion having regard to the size of the Company and nature of its assets.  
  
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The company has no manufacturing and / or trading activities and as such the question of having any stock and maintenance of records in respect thereof and physical verification of inventory does not arise. Thus, paragraph 3(ii) of the order is not applicable.
- iii. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the order is not applicable.
- iv. The company has neither given any loan nor have made any investment during the year and thus paragraph 3(iv) of the order is not applicable.
- v. The Company has not accepted any deposits from the public during the year. Thus, paragraph 3(v) of the Order is not applicable
- vi. The Company is not required to maintain any cost records under section 148(1) of the Act. Thus, paragraph 3(vi) of the Order is not applicable.
- vii. (a) The Company is regular in depositing undisputed statutory dues with the appropriate authorities, as applicable. As the Company has no employees and no manufacturing and or trading activities are carried on by the Company, the question of payment of Provident Fund, Employees' State Insurance, Sales Tax, GST, Service Tax, Duty of Customs, Duty of Excise, VAT, Cess, etc. does not arise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, GST, Service Tax, Duty of Customs, Duty of Excise, VAT, Cess and other material statutory dues were in arrears as at 31st March, 2021 for the period of more than six months from the date they become payable.



- (b) According to the information and explanations given to us, there are no material dues of Income Tax, Sales Tax, GST, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax which have not been deposited with the appropriate authorities on account of any dispute.
- viii. The Company has not borrowed from financial institutions or Banks or Government issued Debentures during the year. Thus, paragraph 3(viii) of the Order is not applicable
- ix. The Company has not raised any money by way of initial public offer or further public offer including debt instruments and term loans during the year. Thus, paragraph 3(ix) of the Order is not applicable.
- x. According to the information and explanations given by the management, we report that no fraud on the Company by its officers or employees has been noticed or reported during the course of our Audit.
- xi. The Company has no whole time director or manager in the financial year. Hence, paragraph 3(xi) of the Order is not applicable.
- xii. The Company is not a Nidhi Company. Hence, paragraph 3(xii) of the Order is not applicable.
- xiii. The Company has not entered into any transactions with related party as defined in Section 177 and Section 188 of the Companies Act, 2013 and thus paragraph 3(xiii) of the Order is not applicable.
- xiv. According to the information and explanations given by the management and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Thus, paragraph 3(xiv) of the Order is not applicable
- xv. According to the information and explanations given by the management and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Thus, paragraph 3(xv) of the Order is not applicable
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as it is governed by another regulator. Thus, paragraph 3(xvi) of the Order is not applicable.

For S.N.ROY & CO

Chartered Accountants

Firm Registration No – 313054E

  
( S.N.ROY )

Partner

Membership No – 051056

UDIN: 21051056AAAAFG8625



Place: Kolkata

Date: 8<sup>th</sup>, May 2021

### Annexure – B to the Independent Auditor’s Report

The Annexure referred to in paragraph 2 (f) under the heading “Report on Other Legal and Regulatory Requirements” of our Independent Auditors’ Report of even date in respect to internal financial control under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 of **HARGAON PROPERTIES LIMITED** for the year ended 31st March, 2021, we report that :

We have audited the internal financial controls over financial reporting of **HARGAON PROPERTIES LIMITED** (“the Company”) as of 31st March, 2021, in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

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

#### Auditors’ Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these Standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, with reference to these Standalone Ind AS financial statements, 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 Standalone Ind AS financial statements, whether due to fraud or error.



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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting with reference to these Standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Standalone Ind AS financial statements 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 Standalone 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 Standalone financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting** with reference to these Standalone Ind AS financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements, 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 with reference to these Standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these Standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements were operating effectively as at 31st March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S.N.ROY & CO**

**Chartered Accountants**

**Firm Registration No – 313054E**

**( S.N.ROY )**

**Partner**

**Membership No – 051056**

**UDIN: 21051056AAAAFG8625**

**Place : Kolkata**

**Date : 8<sup>th</sup> May , 2021**



# Hargaon Properties Limited

CIN: U70101WB2003PLC097280

Balance Sheet as at 31 March 2021

(₹ in Lakhs)

	Notes	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Property, Plant and Equipments	4	47.24	47.24
		<u>47.24</u>	<u>47.24</u>
<b>2. Current Assets</b>			
(a) Financial Assets			
(i) Cash and Cash Equivalents	5	0.69	0.55
(ii) Other Financial Assets	6	0.10	0.10
Total Non-financial Assets		<u>0.79</u>	<u>0.65</u>
<b>TOTAL ASSETS</b>		<b>48.03</b>	<b>47.89</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	7	50.00	50.00
(b) Other Equity	8	(3.07)	(2.21)
<b>Total Equity</b>		<u>46.93</u>	<u>47.79</u>
<b>LIABILITIES</b>			
<b>1. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises; and	9	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	9	1.10	0.10
Total Current Liabilities		<u>1.10</u>	<u>0.10</u>
<b>Total Liabilities</b>		<u>1.10</u>	<u>0.10</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>48.03</b>	<b>47.89</b>
<b>Summary of significant accounting policies</b>	3		
The accompanying notes are an integral part of the financial statements.			
As per our report of even date attached.			

For S.N. Roy & Co.

Chartered Accountants

ICAI Firm's Registration No.: 313054E

S.N. Roy

Partner

Membership No.: 051056

Place: Kolkata

Date: 8 May 2021



For and on behalf of the Board of Directors

Baijnath Bansal

Director

DIN: 02780861

Sunil Choraria

Director

DIN: 00015449

# Hargaon Properties Limited

CIN: U70101WB2003PLC097280

Statement of Profit and Loss for the year ended 31 March 2021

(₹ in Lakhs)

	Notes	Year ended 31 March 2021	Year ended 31 March 2020
<b>I. Revenue from Operations</b>		-	-
<b>II. Other Income</b>	10	-	0.03
<b>III. Total Income (I + II)</b>		-	0.03
<b>IV. Expenses</b>			
Other Expenses	11	0.86	0.87
<b>Total Expenses</b>		<b>0.86</b>	<b>0.87</b>
<b>V. Profit / (Loss) before Exceptional Items and Tax (III - IV)</b>		<b>(0.86)</b>	<b>(0.84)</b>
<b>VI. Exceptional Items</b>		-	-
<b>VII. Profit / (Loss) before Tax (V - VI)</b>		<b>(0.86)</b>	<b>(0.84)</b>
<b>VIII. Tax expense</b>			
Current tax	12	-	-
Provision for tax related to earlier years	12	-	0.01
Deferred tax	12	-	-
<b>Total tax expenses</b>		-	0.01
<b>IX. Profit / (Loss) for the year (VII - VIII)</b>		<b>(0.86)</b>	<b>(0.85)</b>
<b>X. Other comprehensive income</b>		-	-
<b>XI. Total comprehensive income for the year (IX + X)</b>		<b>(0.86)</b>	<b>(0.85)</b>
<b>XII. Earnings per equity share</b>			
[Nominal value per equity share ₹ 10 (₹ 10)]			
(a) Basic (₹)	13	(0.17)	(0.17)
(b) Diluted (₹)	13	(0.17)	(0.17)

Summary of significant accounting policies 3

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

As per our report of even date attached.

For S.N. Roy & Co.

Chartered Accountants

ICAI Firm's Registration No.: 313054E

S.N. Roy

Partner

Membership No.: 051056

Place: Kolkata

Date: 8 May 2021



For and on behalf of the Board of Directors

Baijnath Bansal

Director

DIN: 02780861

Sunil Choraria

Director

DIN: 00015449

# Hargaon Properties Limited

CIN: U70101WB2003PLC097280

Statement of Changes in Equity for the year ended 31 March 2021

## A. Equity Share Capital

	Notes	As at 31 March 2021		As at 31 March 2020	
		No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Balance at the beginning of the year	7	4,99,999	50.00	4,99,999	50.00
Change in equity share capital during of the year	7	-	-	-	-
Balances at the end of the year	7	4,99,999	50.00	4,99,999	50.00

## B. Other Equity

	(₹ in Lakhs)
	<b>Reserves and Surplus</b>
	<b>Retained Earnings</b>
Balance as at 1 April 2019	(1.36)
Total comprehensive income for the year	
- Profit / (Loss)	(0.85)
Balance as at 31 March 2020	(2.21)
Total comprehensive income for the year	
- Profit / (Loss)	(0.86)
Balance as at 31 March 2021	(3.07)

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

As per our report of even date attached.

For S.N. Roy & Co.

Chartered Accountants

ICAI Firm's Registration No.: 313054E



S.N. Roy

Partner

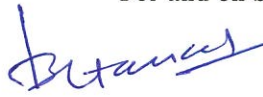
Membership No.: 051056

Place: Kolkata

Date: 8 May 2021



For and on behalf of the Board of Directors



Baijnath Bansal

Director

DIN: 02780861



Sunil Choraria

Director

DIN: 00015449

# Hargaon Properties Limited

CIN: U70101WB2003PLC097280

Cash Flow Statement for the year ended 31 March 2021

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit / (Loss) before tax	(0.86)	(0.84)
Adjustments for:		
Working capital adjustments:		
Decrease in Other Financial Assets	-	0.02
Increase in Payables	1.00	0.04
Cash generated from / (used in) Operations	0.14	(0.78)
Income tax refund received (net)	-	0.02
<b>Net Cash generated from / (used in) Operating Activities</b>	<b>0.14</b>	<b>(0.76)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Proceeds on maturity of bank deposits	-	1.00
<b>Net Cash generated from Investing Activities</b>	<b>-</b>	<b>1.00</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
<b>Net Cash generated from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Cash &amp; Cash Equivalents (A + B + C)</b>	<b>0.14</b>	<b>0.24</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>0.55</b>	<b>0.31</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>0.69</b>	<b>0.55</b>

As per our report of even date attached.

For S.N. Roy & Co.

Chartered Accountants

ICAI Firm's Registration No.: 313054E



S.N. Roy

Partner

Membership No.: 051056

Place: Kolkata

Date: 8 May 2021



For and on behalf of the Board of Directors



Baijnath Bansal

Director

DIN: 02780861



Sunil Choraria

Director

DIN: 00015449

# Hargaon Properties Limited

CIN: U70101WB2003PLC097280

Notes to Financial Statements for the year ended 31 March 2021

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## 1. Reporting entity

Hargaon Properties Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act. The registered office of the Company is located at 9/1, Rajendra Nath Mukherjee Road, 5th Floor, Birla Building, Kolkata 700001. The Company is a wholly owned subsidiary of a public company named as Palash Securities Limited. Its shares are unlisted.

The main objective of the Company is to deal estate property.

## 2. Basis of preparation

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act.

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 8 May 2021.

Details of the Company's significant accounting policies are included in Note 3.

### 2.2 Functional and presentation currency

The financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amount are rounded to the nearest lakhs, unless otherwise indicated.

### 2.3 Basis of measurement

The financial statements have been prepared on historical cost convention on the accrual basis, except certain financial assets and financial liabilities measured at fair value.

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining 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.

### 2.4 Use of judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, revision to accounting estimates are recognised prospectively.

The management makes various judgements, apart from those involving estimations, that can significantly affect the amounts it recognises in the financial statements.

Information about estimation and assumption uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included in the following notes:

Note 4 - Useful life and residual value of property, plant and equipment;

Note 17 - Impairment of financial assets: key assumptions used in estimating recoverable cash flows.



## Hargaon Properties Limited

CIN: U70101WB2003PLC097280

Notes to Financial Statements for the year ended 31 March 2021 (continued)

### 2.5 Measurement of fair value

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2** inputs are inputs, other than quoted prices included in 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.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 2.4.

### 3. Significant accounting policies

#### 3.1 Classification of assets and liabilities as current and non-current

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

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

All other assets are classified as non-current.

An liability is treated as current when:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

#### 3.2 Financial instruments

##### *Recognition and initial measurement*

Receivables issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.



## Hargaon Properties Limited

CIN: U70101WB2003PLC097280

Notes to Financial Statements for the year ended 31 March 2021 (continued)

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A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

### *Classification and subsequent measurement*

#### *i) Financial assets*

On initial recognition, a financial asset is classified and measured at:

- Amortised cost; or
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

#### *ii) Financial assets at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

The details of these conditions are outlined below.

### *Business model assessment*

The Company determines its business model at the level that best reflects how it manages the Company's financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### *The SPPI test*

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.



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Notes to Financial Statements for the year ended 31 March 2021 (continued)

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In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

### *iii) Financial assets at FVOCI*

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets
- The asset's contractual cash flows represent SPPI.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

### *iv) Financial assets at FVTPL*

All financial assets which do not meet the criteria for categorisation as at amortised cost or FVOCI as described above are classified as at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are SPPI.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.



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Notes to Financial Statements for the year ended 31 March 2021 (continued)

### v) *Financial assets: Subsequent measurement and gains and losses*

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method (EIR).  The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss.

### vi) *Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL.

### vii) *Financial liabilities at FVTPL*

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

### viii) *Financial liabilities at amortised cost*

Deposits, subordinated liabilities and other financial liabilities are subsequently measured at amortised cost using the effective interest (EIR) method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss.

Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

### *Derecognition*

#### *i) Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### *ii) Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

### *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.



## Hargaon Properties Limited

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Notes to Financial Statements for the year ended 31 March 2021 (continued)

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### *Impairment*

#### *i) Impairment of financial assets*

At each reporting date, the Company assess whether financial assets, than those at FVTPL are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

The Company recognises loss allowances using the expected credit losses (ECL) model for the financial assets which are fair valued through profit or loss.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Statement of Profit and Loss.

In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

For all other financial assets, expected credit losses are measured unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

#### *(a) Measurement of expected credit losses*

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

#### *(b) Presentation of allowance for expected credit losses in the balance sheet*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *(c) Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### *(ii) Impairment of non-financial assets*

The Company's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.



## Hargaon Properties Limited

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Notes to Financial Statements for the year ended 31 March 2021 (continued)

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For impairment testing, assets that do not generate independent cash inflows are Companied together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or Company of CGUs) on a pro rata basis.

In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.3 Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The Company depreciates property, plant and equipment over the useful life prescribed in Schedule II to the Companies Act, 2013.

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

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

### 3.4 Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.



## Hargaon Properties Limited

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Notes to Financial Statements for the year ended 31 March 2021 (continued)

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### 3.5 Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Expected future operating losses are not provided for.

### 3.6 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is possible. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

### 3.7 Recognition of income and expenses

Revenue (other than for those items to which Ind AS 109 *Financial Instruments* are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 *Revenue from contracts with customers* outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

- Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- Step 5:** Recognise revenue when (or as) the Company satisfies a performance obligation.

#### *Trading income*

Trading income includes all gains and losses from changes in fair value and the related interest income or expense and dividends, for financial assets and financial liabilities held for trading.

#### *Expenses*

All expenses are accounted for on accrual basis.

### 3.8 Recognition of interest income

#### *The effective interest rate method*

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).



## Hargaon Properties Limited

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Notes to Financial Statements for the year ended 31 March 2021 (continued)

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If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

### *Interest income*

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Company calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

### **3.9 Income tax**

Income tax expense comprises of current tax and deferred tax. Current tax and deferred tax is recognised in the Statement of profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

#### *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are off set only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

#### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.



## Hargaon Properties Limited

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Notes to Financial Statements for the year ended 31 March 2021 (continued)

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to off set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

### **Minimum Alternative Tax (MAT) Credit**

In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as a deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

### **3.10 Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

### **3.11 Dividend on ordinary shares**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

### **3.12 Determination of fair values**

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### **i) Financial assets**

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI.

Investments in equity instruments are measured at FVOCI and combination of different methodologies i.e. discounted cash flow method, comparable companies method and net assets method with different weightage has been used for fair valuations of investment in unquoted securities.

#### **ii) Trade and other receivables**

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.



## Hargaon Properties Limited

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Notes to Financial Statements for the year ended 31 March 2021 (continued)

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### *iii) Financial liabilities*

Financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

### **3.13 Recent accounting pronouncement**

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III are applicable from financial year commencing from 1 April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### ***Balance Sheet:***

- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of receivables and payables.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### ***Statement of profit and loss:***

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.



## Hargaon Properties Limited

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Notes to Financial Statements for the year ended 31 March 2021 (continued)

### 4. Property, Plant and Equipment

	(₹ in lakhs)	
	As at	As at
	31 March 2021	31 March 2020
<b>Reconciliation of carrying amount</b>		
<b>Cost or deemed cost (carrying amount)</b>		
Freehold Land		
Balance at the beginning and at the end of the year	47.24	47.24

### 5. Cash and cash equivalents

	(₹ in lakhs)	
	As at	As at
	31 March 2021	31 March 2020
Cash on hand	0.01	0.01
Balances with banks		
- Current accounts	0.68	0.54
	0.69	0.55

### 6. Other Financial Assets

	(₹ in lakhs)	
	As at	As at
	31 March 2021	31 March 2020
Security Deposits with NSDL	0.10	0.10
	0.10	0.10

### 7. Share Capital

	(₹ in lakhs)	
	As at	As at
	31 March 2021	31 March 2020
<b>Authorised:</b>		
5,00,000 equity shares of ₹ 10 each	50.00	50.00
	50.00	50.00
<b>Issued:</b>		
5,00,000 equity shares of ₹ 10 each	50.00	50.00
	50.00	50.00
<b>Subscribed and fully paid-up:</b>		
4,99,999 equity shares of ₹ 10 each	50.00	50.00
	50.00	50.00

#### (a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year:

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
At the beginning and the end of the year	4,99,999	50.00	4,99,999	50.00

#### (b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares with par value of ₹ 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.



## Hargaon Properties Limited

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Notes to Financial Statements for the year ended 31 March 2021 (continued)

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

### (c) Particulars of equity shares of the Company held by its holding / fellow subsidiaries and its ultimate holding company:

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	% of total shares in the class	No. of shares	% of total shares in the class
<b>Equity shares of ₹ 10 each fully paid up held by</b>				
<i>Holding company / Fellow subsidiary</i>				
Hargaon Investment & Trading Company Limited	2,77,777	55.56%	2,77,777	55.56%
Champanan Marketing Company Limited	2,22,222	44.44%	2,22,222	44.44%
<b>In aggregate, equity shares of ₹ 10 each fully paid up held by</b>				
<i>Ultimate holding company</i>				
Palash Securities Limited	4,99,999	100.00%	4,99,999	100.00%

### 8. Other Equity

	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>Retained Earnings</b>		
Balance at the beginning of the year	(2.21)	(1.36)
Add: Profit for the year	(0.86)	(0.85)
Balance at the end of the year	(3.07)	(2.21)

### 9. Trade Payables

	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises; and	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises *	1.10	0.10
	1.10	0.10

\* includes ₹ 1.00 lakh (31 March 2020: ₹ Nil) payable to a related party [Note 16].

The following details relating to Micro enterprises and small enterprises are as under:

- |  |   |   |
|--|---|---|
| (i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year:   |   |   |
| Principal amount due to micro and small enterprises  | - | - |
| Interest due on above  | - | - |
| Total  | - | - |
| (ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act 2006) along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.                     | - | - |
| (iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.  | - | - |
| (iv) The amount of interest accrued and remaining unpaid at the end of the accounting year.  | - | - |
| (v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006. | - | - |



## Hargaon Properties Limited

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Notes to Financial Statements for the year ended 31 March 2021 (continued)

### 10. Other Income

	(₹ in lakhs)	
	Year ended 31 March 2021	Year ended 31 March 2020
Interest income on:		
- Deposits with bank	-	0.02
- Refund from income tax department	-	0.01
	-	0.03

### 11. Other Expenses

	(₹ in lakhs)	
	Year ended 31 March 2021	Year ended 31 March 2020
Listing and Other Regulatory Fees	0.06	0.06
Fees related to ROC matters	0.03	0.04
Rent, Tax and Energy Costs	0.05	0.05
Printing and Stationery	-	0.06
Auditor's Fees		
- Statutory audit	0.10	0.10
- Limited review	0.06	0.07
Legal and Professional Charges	0.22	0.18
Service Charges	0.30	0.30
Other Expenses	0.04	0.01
	0.86	0.87

### 12. Tax expense

	(₹ in lakhs)	
	Year ended 31 March 2021	Year ended 31 March 2020
Current tax	-	-
Provision for tax related to earlier years	-	0.01
Deferred tax		
Attributable to origination and reversal of temporary differences	-	-
Total tax expense for the year	-	0.01

### Reconciliation of effective tax

	Year ended 31 March 2021		Year ended 31 March 2020	
	Rate	₹ in lakhs	Rate	₹ in lakhs
Profit / (Loss) before tax		(0.86)		(0.84)
Tax using the Company's domestic tax rate	25.168%	(0.22)	22.88%	(0.19)
Tax effect of:				
- Provision for tax related to earlier years		-		0.01
- Other permanent differences		0.22		0.19
Effective tax		-		0.01



## Hargaon Properties Limited

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Notes to Financial Statements for the year ended 31 March 2021 (continued)

### 13. Earnings per equity share (EPS)

#### Basic and Diluted earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and diluted earnings per share calculation are as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
(i) Profit attributable to equity shareholders (₹ in lakhs)	(0.86)	(0.85)
(ii) Weighted average number of equity shares for the year At the beginning and at the end of the year	4,99,999	4,99,999
(iii) Earning per equity share [Nominal value of share ₹ 10] [(i)/(ii)] Basic and Diluted (₹)	(0.17)	(0.17)

There is no dilutive potential equity share.

14. The Company has only one business segment and as such segment reporting as required by Ind AS 108 *Operating Segments* is not applicable.
15. The possible impacts of COVID-19, if any, have been considered in the above financial statements, including internal and external factors known upto the date of approval of these financial statements, to assess the carrying amount of assets and liabilities of the Company. Accordingly as on date, no material impact is anticipated in the aforesaid carrying amounts. However, the impact of COVID-19 may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes in future economic conditions.

### 16. Related Party Disclosures

In accordance with the requirements of Ind AS 24 *Related Party Disclosures*, names of the related parties, related party relationships, transactions and outstanding balances, where control exist and with whom transactions have been taken placed during the reported periods are:

#### A. Names of related parties and related party relationship

##### Related parties where control exist / with whom transactions have taken place during the year

Holding Company	Palash Securities Limited	– Ultimate Holding Company
	Hargaon Investment & Trading Company Limited	– Holding Company
	Champaran Marketing Company Limited	– Holding Company
Fellow Subsidiary	Allahabad Canning Limited	– Fellow Subsidiary
	Champaran Marketing Company Limited	– Fellow Subsidiary
	Hargaon Investment & Trading Company Limited	– Fellow Subsidiary
	OSM Investment & Trading Company Limited	– Fellow Subsidiary
Key management personnel	Mr. Bajjnath Bansal	– Independent / Non-Executive Director
	Mr. Sunil Choraria	– Independent / Non-Executive Director
	Mr. Deepak Kumar Sharma	– Additional Director (w.e.f. 1 March 2021)
	Mr. Chandra Kumar Vyas	– Independent / Non-Executive Director (upto 1 March 2021)
Key management personnel of Ultimate Holding Company	Mrs. Shalini Nopany	– Chairperson / Non-Executive Director
	Mr. Arun Kumar Newar	– Independent / Non-Executive Director
	Mr. Chhedil Lal Agarwal	– Independent / Non-Executive Director
	Mr. Dinesh Kacholia	– Independent / Non-Executive Director
	Mr. Suresh Kumar Khandelia	– Independent / Non-Executive Director (w.e.f. 7 February 2020)



## Hargaon Properties Limited

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Notes to Financial Statements for the year ended 31 March 2021 (continued)

Mr. Bal Kishore Malpani	– Independent / Non-Executive Director (from 10 August 2018 to 3 March 2020)
Mr. Chand Bihari Patodia	– Managing Director
Mr. Deepak Kumar Sharma	– Chief Financial Officer
Ms. Mayuri Raja	– Company Secretary

### B. The following transactions were carried out with related parties in the ordinary course of business:

#### Loans / Inter-corporate deposits taken and repayment thereof

	Year ended 31 March	Loan / Inter- corporate deposit taken	Repayment / adjustment	Interest accrued / received	Amount owed to related parties
(₹ in lakhs)					
<i>Holding company / Fellow subsidiary</i>					
Hargaon Investment & Trading Company Limited	2021	1.00	-	-	1.00
	2020	-	-	-	-

### C. Details of loans, investments and guarantee covered under Section 186(4) of the Companies Act, 2013

- The Company has neither given any loan nor has advanced any amount either during the year ended 31 March 2021 or year ended 31 March 2020.
- The Company has not made any investment either during the year ended 31 March 2021 or year ended 31 March 2020.

### D. Terms and conditions of transactions with related parties

- The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.
- The amount outstanding is unsecured and will be settled in cash and cash equivalent. No guarantee has been given or received.
- For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by a related parties. This assessment is undertaken in each financial year through examining the financial position of the related parties and the market in which the related party operates.

## 17. Financial instruments - fair values and risk management

### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities:

Particulars	Carrying amount				Fair value
	FVTPL	FVOCI	Amortised cost	Total carrying amount	
<b>As at 31 March 2021</b>					
<b>Financial assets not measured at fair value</b>					
Cash and cash equivalents	-	-	0.69	0.69	0.69
Other financial assets	-	-	0.10	0.10	0.10
	-	-	0.79	0.79	0.79
<b>Financial liabilities not measured at fair value</b>					
Trade payables	-	-	1.10	1.10	1.10
	-	-	1.10	1.10	1.10
<b>As at 31 March 2020</b>					
<b>Financial assets not measured at fair value</b>					
Cash and cash equivalents	-	-	0.55	0.55	0.55
Other financial assets	-	-	0.10	0.10	0.10
	-	-	0.65	0.65	0.65



## Hargaon Properties Limited

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Notes to Financial Statements for the year ended 31 March 2021 (continued)

Particulars	Carrying amount			Fair value
	FVTPL	FVOCI	Amortised cost	
(₹ in lakhs)				
<b>As at 31 March 2020</b>				
<b>Financial liabilities not measured at fair value</b>				
Trade payables	-	-	0.10	0.10
	-	-	0.10	0.10

### B. Measurement of fair values

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

The Company has established the fair value hierarchy that categories the value into 3 levels. During the periods reported under these financial statements, neither any financial assets nor any financial liability is required to measure at fair value.

### C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

#### Risk management framework

The Company's principal financial liabilities includes trade payable, deposits, subordinated liabilities and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents, receivables, investments and other financial assets that derive directly from its operations.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

#### (i) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers. The Company has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.



## Hargaon Properties Limited

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Notes to Financial Statements for the year ended 31 March 2021 (continued)

### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry also has an influence on credit risk assessment. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers. Outstanding receivables and the credit worthiness of its counter parties are periodically monitored and taken up on case to case basis. There is no material expected credit loss based on the past experience. However, the Company assesses the impairment of receivable on case to case basis and has accordingly created loss allowance on receivables.

### Exposure to credit risks

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. The Company evaluates the concentration of risk with respect to receivables as low, as the Company's income are mostly on cash.

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit loss on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the credit loss allowance for trade receivables.

During the period, the Company has made no write-offs of receivables. The Company's management also pursue all legal option for recovery of dues, wherever necessary based on its internal assessment.

### (ii) Liquidity risk

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

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

### Exposure to liquidity risks

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

						(₹ in lakhs)
	Carrying amount	Total	Less than 1 years	1 to 2 years	2 to 5 years	More than 5 years
<b>As at 31 March 2021</b>						
Trade payables	1.10	1.10	1.10	-	-	-
	1.10	1.10	1.10	-	-	-
<b>As at 31 March 2020</b>						
Trade payables	0.10	0.10	0.10	-	-	-
	0.10	0.10	0.10	-	-	-

### (iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, regulatory changes, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and trade payables.



## Hargaon Properties Limited

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Notes to Financial Statements for the year ended 31 March 2021 (continued)

### Foreign currency risks

All transactions of the Company are in Indian currency, consequently Company is not exposed to foreign currency risk. The Company has no outstanding foreign currency exposure or related derivative contract.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long term and short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

### Cash flow sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

### Regulatory risk

The Company's operations is significantly regulated by neither by Central Government nor by State Government. Hence, Regulatory risk to the Company is very low.

### 18. Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

19. The previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year' classification / disclosure.

As per our report of even date attached.

For S.N. Roy & Co.

Chartered Accountants

ICAI Firm's Registration No.: 313054E



S.N. Roy

Partner

Membership No.: 051056

Place: Kolkata

Date: 8 May 2021



For and on behalf of the Board of Directors



Bajjnath Bansal

Director

DIN: 02780861



Sunil Choraria

Director

DIN: 00015449