

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF GLOBAL COMPOSITES & STRUCTURALS LIMITED****Report on the Audit of the Ind AS Financial Statements****Opinion**

We have audited the accompanying Ind AS financial statements of Global Composites & Structurals Limited ("the Company"), which comprise the balance sheet as at 31st March 2020, the statement of Profit and Loss (including Other Comprehensive Income), the statement of changes in equity and statement of cash flows for the year then ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

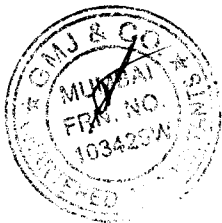
**Basis for Opinion**

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

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to -

1. We draw attention to Note 31 of the financial Statements regarding the appropriateness of the "going concern" basis used for the preparation of these Accounts even through the net-worth of the company has been completely eroded as at 31<sup>st</sup> March, 2020 and the validity of "going concern" basis would depend upon the continuance of the existing financial support by the holding company. The accounts do not include adjustments, if any, that may result from discontinuances of the funding by the company.



2. We draw attention to Note 33 of the financial Statements which describes the possible effect of uncertainties relating to COVID-19 pandemic on the Company's Financial Performance as assessed by the management. Our opinion is not modified in this matter.

Our opinion is not modified in respect of these matters.

#### **Other Matters**

Without qualifying our opinion, we draw attention to following matters,

1. Due to COVID-19 pandemic and the lockdown and other restrictions imposed by the Government and local administrator, the audit processes were carried out based on the remote access to the extent available/feasible and necessary records made available by the management through digital medium.

#### **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 Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

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

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

#### **Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to



the preparation and presentation of the Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

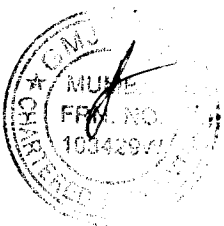
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

- i. Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

**Report on Other Legal and Regulatory Requirements**

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 section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 (including other comprehensive income), and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:



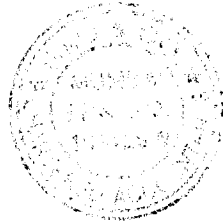
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 to the Ind AS financial statements;
  - ii. The Company did not have any long - term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. The company has no amount to be transferred to the Investor Education and Protection Fund by the Company.

**For GMJ & Company**  
**Chartered Accountants**  
**FRN: 103429W**



**CA Atul Jain**  
**Partner**  
**Membership No. 37097**  
**Place: Mumbai**  
**Date: 24th June, 2020**



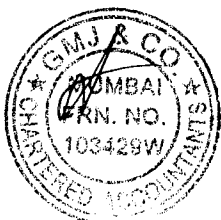
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**ANNEXURE A TO THE AUDITORS' REPORT**

**ANNEXURE REFERRED TO IN PARAGRAPH "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT TO THE MEMBERS OF "THE COMPANY" FOR THE YEAR ENDED 31ST MARCH, 2020**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we state that:

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the management in accordance with a phased program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. No material discrepancies between the book records and physical inventory have been noticed;
- (c) The title deeds of immovable properties are held in the name of the company.
- (ii) According to the information and explanations given to us, Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on such physical verification during the year;
- (iii) According to information and explanations given to us, the company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company;
- (iv) According to information and explanations given to us, the Company has not granted any loans or made any investments, or provided any guarantee or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company;
- (v) According to information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the Rules framed there under to the extent notified;
- (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act'2013;



(vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The company is generally regular in depositing undisputed statutory dues including provident fund, income tax, goods and service tax, Custom duty, Cess and other material statutory dues with the appropriate authorities .There have been no dues which are outstanding for more than six months from the date they become payable ;
- (b) According to the information and explanation given to us, following dues have not been deposited with the concerned authorities on account of dispute as at 31<sup>st</sup> March ,2020

Name of State	Nature of Demand	Period to which amount Relates	Amount	Forum where dispute is Pending
VAT Maharashtra	Sales Tax	2013-14	35,97,762	Joint Commissioner (Appeals)
VAT Maharashtra	Sales Tax	2011-12	2,90,008	Joint Commissioner (Appeals)
VAT Maharashtra	Sales Tax	2010-11	17,77,704	Joint Commissioner (Appeals)
CST Maharashtra	Sales Tax	2010-11	1,38,55,660	Commissioner Appeals
CST Maharashtra	Sales Tax	2011-12	5,45,565	Commissioner Appeals
CST Maharashtra	Sales Tax	2013-14	7,27,161	Commissioner Appeals

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in respect of dues to Bank during the year;
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore the provisions of clause 3 (ix) of the said order is not applicable to the company;
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management;
- (xi) During the year, the company has not paid managerial remuneration. Accordingly the provisions of clause 3(xi) of the said order is not applicable to the company;
- (xii) The Company is not a Nidhi Company and hence reporting under Clause 3(xii) of the Order is not applicable to the Company;
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards;



- (xiv) During the year, the company has not made preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3(xiv) is not applicable to the company;
- (xv) In our opinion and according to the information and explanations given to us, during the year the company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable;
- (xvi) The company is not required to be registered under Section 45-IA for the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For GMJ & Company**  
**Chartered Accountants**  
**FRN : 103429W**

*Atul Jain*

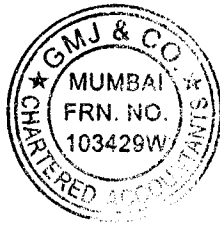
**CA Atul Jain**

**Partner**

**M.No. 37097**

**Place: Mumbai**

**Date: 24<sup>th</sup> June, 2020**



*VDEN: 20037097AAAAAT3805*



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

We have audited the internal financial controls over financial reporting of Global Composites & Structurals Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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

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

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



A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.


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

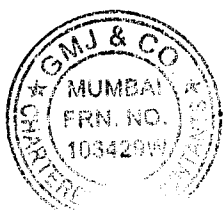
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 GMJ & Company**  
**Chartered Accountants**  
**FRN : 103429W**

  
**CA Atul Jain**  
**Partner**  
**Membership No. 37097**  
**Place: Mumbai**  
**Date: 24<sup>th</sup> June, 2020**



VDW: 20037097AAAAAT3805

**GLOBAL COMPOSITES & STRUCTURALS LIMITED**

**BALANCE SHEET AS AT MARCH 31, 2020**

Particulars	Notes	March 31, 2020	March 31, 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	4	3,53,11,455	4,02,55,653
(b) Financial Assets			
(i) Investments	6	4,99,951	4,99,951
(c) Other Non-Current Assets	10	1,11,56,937	1,19,12,244
		<b>4,69,68,343</b>	<b>5,26,67,847</b>
<b>Current assets</b>			
(a) Inventories	7	1,10,39,395	2,10,37,676
(b) Financial Assets			
(i) Trade Receivables	8	2,07,53,124	2,13,89,208
(ii) Cash and Cash Equivalents	9	4,56,673	4,54,059
(iii) Other Financial Assets	6	25,18,827	16,61,144
(c) Other Current Assets	10	2,55,583	1,63,045
		<b>3,50,23,602</b>	<b>4,47,05,133</b>
<b>Total</b>		<b>8,19,91,945</b>	<b>9,73,72,980</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	11	2,93,55,000	2,93,55,000
(b) Other Equity	12	(20,45,63,292)	(20,92,25,149)
		<b>(17,52,08,292)</b>	<b>(17,98,70,149)</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	13	17,80,87,337	17,95,47,120
(ii) Trade Payables	14		
Micro, Small and Medium Enterprises			
Others		2,71,85,205	5,36,75,567
(b) Other Current Liabilities	15	5,19,27,696	4,40,20,440
		<b>25,72,00,237</b>	<b>27,72,43,127</b>
<b>TOTAL</b>		<b>8,19,91,945</b>	<b>9,73,72,980</b>

Significant accounting policies and notes forming part of the financial statements 1 to 37

For GMJ & Co

Chartered Accountants

Firm No. 103429W

*Atul Jain*

CA Atul Jain

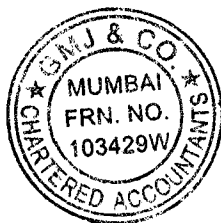
Partner

M. No. 37097

UDIN: 20037097AAAAAT3805

Place : Mumbai

Date : 24th June, 2020



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Dinesh

Director

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*Aankur Patni*

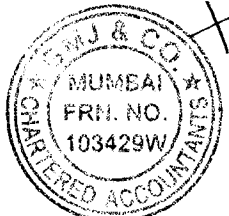
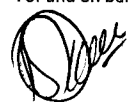
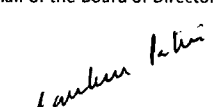
Aankur Patni

Director




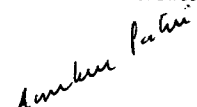
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For and on behalf of the Board of Directors

**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020**

Particulars	Notes	March 31, 2020	March 31, 2019
<b>REVENUE</b>			
Revenue from operations	16	10,43,96,123	9,83,00,578
Other income	17	2,68,965	18,33,550
<b>Total Revenue (I)</b>		<b>10,46,65,088</b>	<b>10,01,34,128</b>
<b>EXPENSES</b>			
Cost of materials consumed	18	4,61,86,903	2,98,54,596
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	19	-	3,00,85,651
Employee benefits expense	20	5,16,165	2,75,328
Finance costs	21	2,52,23,369	2,43,15,657
Depreciation and amortization expense	22	51,66,086	53,77,287
Other expenses	23	2,47,09,169	1,61,18,884
<b>Total Expenses (II)</b>		<b>10,18,01,692</b>	<b>10,60,27,403</b>
<b>Loss before exceptional items and tax (I-II)</b>		<b>28,63,396</b>	<b>(58,93,275)</b>
Exceptional Items	24	1,01,539	-
<b>Profit/(Loss) before tax</b>		<b>27,61,857</b>	<b>(58,93,275)</b>
<b>Tax expense:</b>			
Current tax		-	-
Adjustment of tax relating to earlier periods		-	-
Deferred tax		-	-
<b>Profit/(Loss) for the period</b>		<b>27,61,857</b>	<b>(58,93,275)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other Comprehensive income for the year, net of tax		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b>27,61,857</b>	<b>(58,93,275)</b>
<b>Earnings per share for profit attributable to equity shareholders</b>	25		
Basic and Diluted		0.94	(2.01)
Significant accounting policies and notes forming part of the financial statements	1 to 37		
<b>For GMJ &amp; Co</b> Chartered Accountants Firm No. 103429W UDIN: 20037097AAAAAT3805 CA Atul Jain Partner M. No. 37097 UDIN: 20037097AAAAAT3805 Place : Mumbai Date : 24th June, 2020		<b>For and on behalf of the Board of Directors</b>  Dinesh Sharma Director 00051986	 Aankur Patni Director 00090657

**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020**

Particulars	March 31, 2020	March 31, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit/(Loss) before income tax	27,61,857	(58,93,275)
<b>Loss before income tax</b>	27,61,857	(58,93,275)
<b>Adjustments for:</b>		
Depreciation and amortisation expense	51,66,086	53,77,286
Finance costs	2,33,23,369	2,43,15,657
Dividend and interest income classified as Investing cash flows	(75,000)	(75,000)
<b>Change in operating assets and liabilities:</b>		
(Increase)/Decrease in Trade Receivables	6,36,083	(30,18,122)
(Increase)/Decrease in Inventories	99,98,281	2,75,60,880
Increase/(decrease) in Trade Payables	(2,64,90,362)	2,12,90,658
(Increase)/decrease in other non-current assets	7,55,307	(5,07,054)
(Increase)/decrease in other current assets	(92,538)	(9,948)
Increase/(decrease) in other Current Liabilities	79,07,256	(4,51,71,971)
(Increase)/Decrease in other Financial Asset	(8,57,683)	(2,35,887)
<b>Cash generated from operations</b>	2,30,32,655	2,36,33,225
Less: Income taxes paid		
<b>Net cash inflow from operating activities</b>	2,30,32,655	2,36,33,225
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for property, plant and equipment	(2,21,888)	-
Dividends received	75,000	75,000
<b>Net cash inflow from investing activities</b>	(1,46,888)	75,000
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings (net)		
Repayment of borrowings	(14,59,784)	(11,97,952)
Interest paid	(2,14,23,369)	(2,24,90,657)
<b>Net cash inflow (outflow) from financing activities</b>	(2,28,83,153)	(2,36,88,609)
Net increase (decrease) in cash and cash equivalents	2,614	19,616
Cash and Cash Equivalents at the beginning of the financial year	4,54,059	4,34,443
<b>Cash and Cash Equivalents at end of the year</b>	4,56,673	4,54,059
<b>Reconciliation of cash and cash equivalents as per the cash flow statement:</b>		
Cash and cash equivalents as per above comprise of the following:		
Cash and cash equivalents	4,46,606	3,02,382
Bank Balance in Current Account	10,067	1,51,677
<b>Balances per statement of cash flows</b>	4,56,673	4,54,059
Significant accounting policies and notes forming part of the financial statements		
<p>For GMJ &amp; Co  Chartered Accountants  Firm No. 103429W    CA Atul Jain  Partner  M. No. 37097  UDIN: 20037097AAAAAT3805  Place : Mumbai  Date : 24th June, 2020</p> 		
<p>For and on behalf of the Board of Directors    Dinesh Sharma  Director  00051986</p>  Aankur Patni Director 00090657		

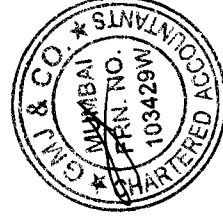
**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2020**

**A** Equity Share Capital

Particulars	Balance at the Beginning of the period	Changes in Equity share capital during the year	Balance at the end of the period
<b>April 1, 2019</b>			
Numbers	29,35,500	-	29,35,500
Amount	2,93,55,000	-	2,93,55,000
<b>March 31, 2020</b>			
Numbers	29,35,500	-	29,35,500
Amount	2,93,55,000	-	2,93,55,000

**B** Other Equity

Particulars	(Amount in INR)	
	Retained Earnings	Total
<b>As at April 1, 2019</b>	(20,92,25,149)	(20,92,25,149)
Profit for the period	27,61,857	27,61,857
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	(20,64,63,292)	(20,64,63,292)
Fair Valuation of Financial Guarantee	19,00,000	19,00,000
<b>As at March 31, 2020</b>	<b>(20,45,63,292)</b>	<b>(20,45,63,292)</b>



**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**1 Corporate Information**

Global Composites & Structurals Limited is a public company domiciled in India and incorporated on 13th April 2006 under the provisions of the Companies Act, 1956. The Company is engaged in the manufacturing and selling of Fibre glass reinforcements plastic (FRP), FRP pipings, PRP Composites, Cable trays, engineering products, vessels/Tanks, designing and structural fabrication of metal & steel structures

**2 Significant Accounting Policies**

**2.1 Basis of preparation**

The company's financial statements has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 (as Amended from time to time).

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2018 are the first the Company has prepared in accordance with Ind AS. Refer to note 43 for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

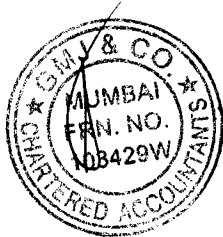
- Land and buildings classified as property, plant and equipment
- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Contingent consideration, and
- Non-cash distribution liability.

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The financial statements are presented in INR and all values are rounded to the nearest lacs (INR 00,000), except when otherwise indicated.

**2.2 Summary of significant accounting policies**

**(A) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.



## **GLOBAL COMPOSITES & STRUCTURALS LIMITED**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Recognising revenue from major business activities

(i) **Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. A liability is recognised at the time the product is sold. The Company does not provide any extended warranties or maintenance contracts to its customers.

(ii) **Dividend income**

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

(c) **Taxes**

(i) **Current income tax**

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

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

(ii) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

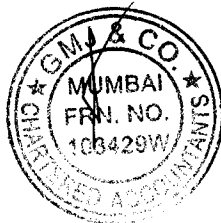
Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.





**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**(d) 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.

**(e) Inventories**

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

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

**Raw materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out/weighted average basis.

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

**Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis/weighted average basis.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

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

**(f) Financial Instruments**

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

**(i) Financial assets**

*Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**(1) Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

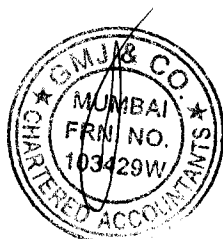
**(ii) Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.



## **GLOBAL COMPOSITES & STRUCTURALS LIMITED**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

#### ***Subsequent measurement***

The measurement of financial liabilities depends on their classification, as described below:

#### **(1) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

#### **(2) Loans and borrowings**

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### **(3) Financial guarantee contracts**

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

#### ***Derecognition***

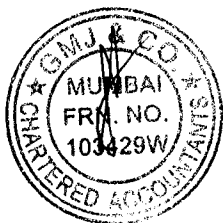
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **(iii) Reclassification of financial assets**

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

#### **(iv) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**(g) Derivative financial instruments and hedge accounting**

**Initial recognition and subsequent measurement**

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

**(i) Fair value hedges**

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

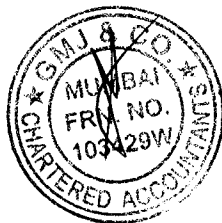
If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

**(ii) Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.



## **GLOBAL COMPOSITES & STRUCTURALS LIMITED**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

#### **(iii) Hedges of a net investment**

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is reclassified to the statement of profit or loss (as a reclassification adjustment).

#### **(h) Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

#### **Transition to Ind AS**

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

#### **Depreciation methods, estimated useful lives and residual value**

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Freehold buildings	30-60 years
Machinery	10-15 years
Furniture, fittings and equipment	10 years
Vehicles	4-8 years
office equipments	3-5 years

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

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

#### **(i) Intangible assets**

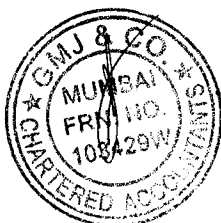
##### **Computer software**

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.



## **GLOBAL COMPOSITES & STRUCTURALS LIMITED**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

#### **Research and development**

Research expenditure and development expenditure that do not meet the criteria specified above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

#### **Amortisation methods and periods**

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

Patents, copyright and other rights	3-5 years
Computer software	3-5 years
Non-compete fees	1-3 years

#### **Transition to Ind AS**

On transition to Ind AS, the company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

#### **(j) Trade and other payables**

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

#### **(k) Borrowing costs**

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

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

#### **(l) Provisions**

##### **General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **(j) Employee benefits**

##### **(i) Short-term obligations**

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

##### **(ii) Other long-term employee benefit obligations**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

##### **(iii) Post-employment obligations**

The company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity, pension, post-employment medical plans; and
- (b) defined contribution plans such as provident fund.



## **GLOBAL COMPOSITES & STRUCTURALS LIMITED**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

#### **Pension and gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

#### **Post-employment medical obligations**

Company provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

#### **Defined contribution plans**

The company pays provident fund contributions to publicly administered provident funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### **(iv) Share-based payments**

Share-based compensation benefits are provided to employees via the Employee Option Plan and share-appreciation rights.

#### **Employee options**

The fair value of options granted under the Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

#### **Share appreciation rights**

Liabilities for the company's share appreciation rights are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as employee benefit obligations in the balance sheet.

#### **(v) Bonus Plans**

The company recognises a liability and an expense for bonuses. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### **(vi) Termination benefits**

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.



**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**(k) Contributed equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(l) Dividends**

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

**(m) Earnings per share**

**Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

**Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(n) Current/non current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

The company classifies all other liabilities as non-current.

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

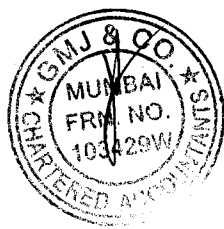
The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

**(o) Cash dividend and non-cash distribution to equity holders of the parent**

The Company recognises a liability to make cash or non-cash distributions to equity holders 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.



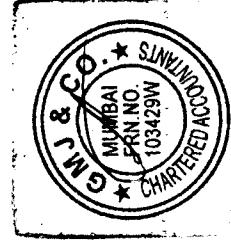
**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**4. PROPERTY, PLANT AND EQUIPMENT**

Particulars	(Amount in INR)							Total
	Land	Buildings	Plant and Equipments	Furniture and Fixtures	Office Equipments	Computer Hardwares		
<b>GROSS CARRYING VALUE</b>								
As at April 1, 2019	1,38,34,457	1,47,18,988	2,57,66,024	1,04,626	2,01,522	24,983	5,46,50,600	
Additions	-	1,54,388	67,500	-	-	-	2,21,888	
Disposals								
<b>As at March 31, 2020</b>	<b>1,38,34,457</b>	<b>1,48,73,376</b>	<b>2,58,33,524</b>	<b>1,04,626</b>	<b>2,01,522</b>	<b>24,983</b>	<b>5,48,72,488</b>	
<b>ACCUMULATED DEPRECIATION/IMPAIRMENT</b>								
As at April 1, 2019	-	20,79,179	1,21,07,054	82,213	1,26,503	-	1,43,94,949	
Deductions\Adjustments during the period								
Depreciation for the year	-	7,30,446	44,31,206	2,526	1,908	-	51,66,085	
<b>As at March 31, 2020</b>	<b>-</b>	<b>28,09,625</b>	<b>1,65,38,260</b>	<b>84,739</b>	<b>1,28,411</b>	<b>-</b>	<b>1,95,61,034</b>	
<b>Net Carrying value as at March 31, 2020</b>	<b>1,38,34,457</b>	<b>1,20,63,751</b>	<b>92,95,264</b>	<b>19,887</b>	<b>73,111</b>	<b>24,983</b>	<b>3,53,11,455</b>	
<b>Net Carrying value as at March 31, 2019</b>	<b>1,38,34,457</b>	<b>1,26,39,810</b>	<b>1,36,58,971</b>	<b>22,413</b>	<b>75,019</b>	<b>24,983</b>	<b>4,02,55,653</b>	

**Notes:**

Property, Plant and Equipment mortgaged as security against borrowings by the company  
Refer to Note 30 for information on property, plant and equipment mortgaged as security by the company





**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

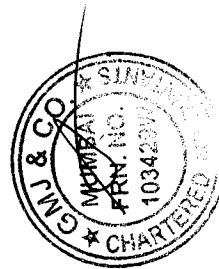
5. INTANGIBLE ASSETS				
Particulars	(Amount in INR)			Total
	Computer Software	Technical Know How		
<b>GROSS CARRYING VALUE</b>				
As at April 1, 2019	1,73,608	1,94,445		3,68,053
Additions	-	-	-	-
Deletions	-	-	-	-
<b>As at March 31, 2020</b>	<b>1,73,608</b>	<b>1,94,445</b>		<b>3,68,053</b>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT</b>				
As at April 1, 2019	1,73,608	1,94,445		3,68,053
Amortisation for the year	-	-	-	-
Deductions/Adjustments during the period	-	-	-	-
<b>As at March 31, 2020</b>	<b>1,73,608</b>	<b>1,94,445</b>		<b>3,68,053</b>
Net Carrying value as at March 31, 2020	-	-	-	-
Net Carrying value as at March 31, 2019	-	-	-	-



**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**6. FINANCIAL ASSETS**

Particulars	March 31, 2020	March 31, 2019
<b>Investments carried at Fair Value through Profit &amp; Loss</b>		
<b>Unquoted</b>		
Investments in Equity Instruments		
750 (750) Equity Shares of Process Automation Engineering Limited of Rs. 10/- each	1	1
9,999 (9,999) Equity Shares of The Thane Janata Sahakari Bank Limited of Rs. 50/- each	4,99,950	4,99,950
<b>Total</b>	<b>4,99,951</b>	<b>4,99,951</b>
Aggregate amount of unquoted investments	4,99,951	4,99,951
Investments carried at fair value through profit and loss	4,99,951	4,99,951
<b>Current</b>		
<b>Financial assets carried at amortised cost</b>		
Security Deposits	25,18,827	16,61,144
<b>Total</b>	<b>25,18,827</b>	<b>16,61,144</b>



**GLOBAL COMPOSITES & STRUCTURALS LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****7. INVENTORIES**

Particulars	March 31, 2020	March 31, 2019
(As certified by Management) (Valued at lower of Cost and Net Realisable value)		
Raw materials	1,10,39,395	2,10,37,676
Total	1,10,39,395	2,10,37,676

**8. TRADE RECEIVABLES**

Particulars	March 31, 2020	March 31, 2019
Current		
Trade Receivables considered good - Unsecured	2,07,53,124	2,13,89,208
	2,07,53,124	2,13,89,208

**9. CASH AND CASH EQUIVALENTS**

Particulars	March 31, 2020	March 31, 2019
Balances with banks:		
- On current accounts	10,067	1,51,677
Cash on hand	4,46,606	3,02,382
	4,56,673	4,54,059

**10. OTHER ASSETS**

Particulars	March 31, 2020	March 31, 2019
Non Current		
Advances other than Capital advances		
- Advances to Related Parties		
1 to 30	18,72,798	27,85,249
Others		
- Balances with Statutory, Government Authorities	92,84,139	91,26,905
Total	1,11,56,937	1,19,12,244
Current		
Others		
- Prepaid expenses	2,55,583	1,60,657
- Other current assets	-	2,388
Total	2,55,583	1,63,045



**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**11. SHARE CAPITAL**

**i. Authorised Share Capital**

(Amount in INR)

	Equity Share	
	Number	Amount
At April 1, 2019	1,00,00,000	10,00,00,000
Increase/(decrease) during the year		
At March 31, 2020	1,00,00,000	10,00,00,000

During the year ended March 31, 2018, the authorised share capital was increased by INR 10 Equity shares of INR 10 each.

**ii. Issued Capital**

	Number	Amount
Equity shares of INR 10 each issued, subscribed and fully paid		
At April 1, 2019	29,35,500	2,93,55,000
Issued during the period		
At March 31, 2020	29,35,500	2,93,55,000

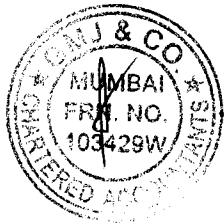
**iii. Shares held by holding/ ultimate holding company and / or their subsidiaries / associates**

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

	March 31, 2020	March 31, 2019
M/s Ion Exchange (I) Limited the holding company	21,70,000	21,70,000
M/s Rockman Merchants Ltd.the Associate company	7,15,500	7,15,500

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

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	Number	% holding	Number	% holding
M/s Ion Exchange (I) Limited	21,70,000	73.92%	21,70,000	73.92%
M/s Rockman Merchants Ltd	7,15,500	24.37%	7,15,500	24.37%



**GLOBAL COMPOSITES & STRUCTURALS LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****12. OTHER EQUITY****Reserves and Surplus**

Particulars	March 31, 2020	March 31, 2019
Retained Earnings	(20,45,63,292)	(20,92,25,149)
	(20,45,63,292)	(20,92,25,149)

**13. BORROWINGS**

Particulars	March 31, 2020	March 31, 2019
<b>Current Borrowings</b>		
<b>Secured/Unsecured</b>		
Loans repayable on demand		
Overdraft against security of all Fixed Assets and Current Assets of the Company and Corporate Gaurantee of the holding Company	17,80,87,337	17,95,47,120
<b>Total</b>	<b>17,80,87,337</b>	<b>17,95,47,120</b>

Particulars	March 31, 2020	March 31, 2019
<b>Current Borrowings</b>		
<b>Secured</b>		
Loans repayable on demand		
Overdraft against security	17,80,87,337	17,95,47,120
Cash Credit		
<b>Total</b>	<b>17,80,87,337</b>	<b>17,95,47,120</b>

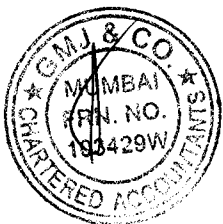
The carrying amounts of financial and non-financial assets pledge as security for current borrowings are disclosed in Note 30

**14. TRADE PAYABLES**

Particulars	March 31, 2020	March 31, 2019
<b>Current</b>		
Trade Payables to Micro, Small and Medium Enterprises	-	-
Trade Payables to Others	2,71,85,205	5,36,75,567
<b>Total</b>	<b>2,71,85,205</b>	<b>5,36,75,567</b>

**15. OTHER LIABILITIES**

Particulars	March 31, 2020	March 31, 2019
<b>Current</b>		
Advance received from Customers	4,72,43,343	3,22,81,765
Others		
Statutory Liabilities	26,57,982	90,68,499
Others	20,26,370	26,70,176
<b>Total</b>	<b>5,19,27,696</b>	<b>4,40,20,440</b>



**GLOBAL COMPOSITES & STRUCTURALS LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**16. REVENUE FROM OPERATIONS**

Particulars	March 31, 2020	March 31, 2019
<b>Sales</b>		
Sale of products	10,43,96,123	6,80,14,148
Sale of services	-	3,02,86,430
	<b>10,43,96,123</b>	<b>9,83,00,578</b>

**17. OTHER INCOME**

Particulars	March 31, 2020	March 31, 2019
Dividend income	75,000	75,000
<b>Other Non Operating Income</b>		
Others		
Miscellaneous Income	1,93,965	17,58,550
	<b>2,68,965</b>	<b>18,33,550</b>

**18. COST OF MATERIALS CONSUMED**

Particulars	March 31, 2020	March 31, 2019
As at beginning of the year	2,10,37,676	1,60,02,782
Add: Purchases	3,61,88,622	3,48,89,489
Less : As at end of the year	(1,10,39,395)	(2,10,37,676)
	<b>4,61,86,903</b>	<b>2,98,54,596</b>

**19. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

Particulars	March 31, 2020	March 31, 2019
<b>Inventories as at the beginning of the year</b>		
Work - in - process	-	3,00,85,651
<b>Total</b>	-	<b>3,00,85,651</b>
<b>1 to 30</b>		
Work - in - process	-	-
<b>Total</b>	-	-
<b>Net decrease / (increase) in inventories</b>	-	<b>3,00,85,651</b>

**20. EMPLOYEE BENEFITS EXPENSE**

Particulars	March 31, 2020	March 31, 2019
Salaries, wages and bonus	9,968	9,175
Staff welfare expenses	5,06,197	2,66,153
	<b>5,16,165</b>	<b>2,75,328</b>



**GLOBAL COMPOSITES & STRUCTURALS LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**21. FINANCE COST**

Particulars	March 31, 2020	March 31, 2019
Interest expense on debts and borrowings	2,33,23,369	2,24,28,275
Other borrowing costs		
Guarantee Commission Expense	19,00,000	18,25,000
Others	-	62,382
	<b>2,52,23,369</b>	<b>2,43,15,657</b>

**22. DEPRECIATION AND AMORTISATION EXPENSE**

Particulars	March 31, 2020	March 31, 2019
Depreciation on tangible assets	51,66,086	53,77,287
Amortisation on intangible assets	-	-
	<b>51,66,086</b>	<b>53,77,287</b>

**23. OTHER EXPENSES**

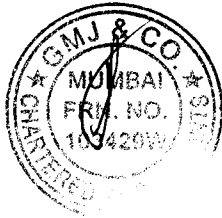
Particulars	March 31, 2020	March 31, 2019
<b>Manufacturing Expenses</b>		
Electric power, fuel and water	25,51,083	21,20,991
Job Work charges	1,34,92,598	79,15,180
Crane Operating charges	8,94,550	4,16,514
	<b>1,69,38,231</b>	<b>1,04,52,685</b>
<b>Selling, Administration and Other Expenses</b>		
Clearing, Forwarding, Labour and Packing Charges	24,989	9,680
Guest House Expense	1,38,000	1,43,800
Payments to auditors (Refer note below)	2,10,000	1,50,000
House Keeping Expenses	11,348	4,000
Insurance	1,82,583	1,59,417
Legal and professional fees	1,63,000	88,320
Printing and Stationery	14,228	29,884
Rates and taxes	17,49,646	6,11,139
Repairs & maintenance - other	9,63,991	5,49,296
Security charges	20,48,263	19,44,678
Telephone and internet expenses	1,17,725	61,083
Travelling & conveyance expenses	15,07,500	13,88,471
Miscellaneous expenses	3,10,465	1,06,617
Bank charges	2,31,896	4,19,814
	<b>77,70,938</b>	<b>56,66,199</b>
<b>Total</b>	<b>2,47,09,169</b>	<b>1,61,18,884</b>

**24. EXCEPTIONAL ITEMS**

Particulars	March 31, 2020	March 31, 2019
Prior Period Items	1,01,539	-

**Details of Payments to auditors**

	March 31, 2020	March 31, 2019
<b>As auditor</b>		
Audit Fee	1,80,000	1,20,000
Tax audit fee	30,000	30,000
	<b>2,10,000</b>	<b>1,50,000</b>



**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

<b>25. EARNINGS PER SHARE</b>		
<b>Particulars</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>(a) Basic earnings per share</b>		
From continuing operations attributable to the equity holders of the company	0.94	(2.01)
<b>Total basic earnings per share attributable to the equity holders of the company</b>	<b>0.94</b>	<b>(2.01)</b>
<b>(b) Reconciliations of earnings used in calculating earnings per share</b>		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	27,61,857	(58,93,275)
	<b>27,61,857</b>	<b>(58,93,275)</b>
<b>Weighted average number of equity shares used as the denominator in calculating diluted earnings per share</b>	<b>29,35,500</b>	<b>29,35,500</b>

The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.





**GLOBAL COMPOSITES & STRUCTURALS LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**26. RELATED PARTY TRANSACTIONS**

Related party transaction has been identified by the management and relied on by auditors.

(i) List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

Name of Related Party	Nature of Relationship	Country of Incorporation
Ion Exchange India Limited	Holding Company	India
Ion Exchange Enviro Farms Limited	Associate Company	
Ion Exchange Environment Management Limited		
Ion Exchange Projects and Engineering Limited		
Total Water Management Services (India) Ltd		
Headway Corporate Resources Limited		
Process Automation Engineers Limited		
Aquanomics Systems Limited		
Aankur Patni	Key Management Personnel KMP	
Dinesh Sharma		
Rajesh Sharma		

(ii) Transactions with related parties

The following transactions occurred with related parties

Name	Nature of Relationship	Nature of Transaction	March 31, 2020	March 31, 2019
Ion Exchange (India) Limited	Holding Company	Purchases*	2,43,71,605	2,08,18,754
Ion Exchange (India) Limited	Holding Company	Financial Guarantee Charges	19,00,000	18,25,000
Ion Exchange (India) Limited	Holding Company	Sales*	9,87,48,496	9,77,85,325
Ion Exchange (India) Limited	Holding Company	Other Income	48,00,000	48,00,000
Ion Exchange Projects and Engineering Limited	Associate Company	Sales*	-	17,641

\*The above figures are exclusive of GST

(iii) Outstanding balances arising from sales/purchases of goods and services

Name	Nature of Relationship	March 31, 2020	March 31, 2019
<b>Trade Receivables</b>			
Aquanomics Systems Ltd	Associates	19,75,659	19,75,659
Advance received from Customers (Net of Trade Receivables)	Holding Company	4,56,77,986	3,10,13,203

Ion Exchange (India) Ltd, an Holding company has given Corporate Guarantee for the amount aggregating to Rs. 19.00 Crores against the overdraft against security of Rs. 17,80,87,337/- (Against Previous Year 17,95,47,120/-) availed from TJSB Sahakari Bank Ltd.



**GLOBAL COMPOSITES & STRUCTURALS LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**27. FAIR VALUE MEASUREMENTS**

**i. Financial Instruments by Category**

Particulars	Carrying Amount		Fair Value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>FINANCIAL ASSETS</b>				
Trade Receivables	2,07,53,124	2,13,89,208	2,07,53,124	2,13,89,208
Cash and Cash Equivalents	4,56,673	4,54,059	4,56,673	4,54,059
Other Financial Assets	25,18,827	16,61,144	25,18,827	16,61,144
<b>FVTPL</b>				
Investment in Equity Instruments	4,99,951	4,99,951	4,99,951	4,99,951
<b>Total</b>	<b>2,12,09,797</b>	<b>2,18,43,268</b>	<b>2,12,09,797</b>	<b>2,18,43,268</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Amortised cost</b>				
Borrowings	17,80,87,337	17,95,47,120	17,80,87,337	17,95,47,120
Trade Payables	2,71,85,205	5,36,75,567	2,71,85,205	5,36,75,567
Other financial liabilities	4,72,43,343	3,22,81,765	4,72,43,343	3,22,81,765
<b>Total</b>	<b>25,25,15,885</b>	<b>26,55,04,452</b>	<b>25,25,15,885</b>	<b>26,55,04,452</b>

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. The Company has not disclosed the fair value of current financial instruments such as trade receivables, cash and cash equivalents, bank balances - others, loans, others, borrowings, trade payables and other financial liabilities because their carrying amounts are a reasonable approximation of fair value.

**ii. Fair Value Hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measure at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table:

**Assets and liabilities measured at fair value - recurring fair value measurement:**

Particulars	March 31, 2020			Total	March 31, 2019			Total
	Fair value measurement using				Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial Assets								
Financial Investments at FVTPL								
Unquoted equity shares		4,99,951		4,99,951		4,99,951		4,99,951
<b>Total Financial Assets</b>		<b>4,99,951</b>		<b>4,99,951</b>		<b>4,99,951</b>		<b>4,99,951</b>
<b>Total Assets</b>		<b>4,99,951</b>		<b>4,99,951</b>		<b>4,99,951</b>		<b>4,99,951</b>

**There have been no transfers among Level 1, Level 2 and Level 3 during the period**

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

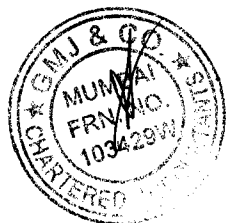
**Level 2** - The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.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

**Level 3** - If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity shares, contingent consideration and indemnification assets included in level 3.

**iii. Valuation technique used to determine fair value**

Specific Valuation techniques used to value financial instruments include:  
- the use of quoted market prices or dealer quotes for similar instruments

All the resulting fair value estimates are included in level 2 except for unlisted equity securities, contingent consideration and indemnification assets, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.



**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

(Amount in INR)

**28. FINANCIAL RISK MANAGEMENT**

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

- Credit risk;
- Liquidity risk

**(i) Risk management framework**

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The 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 audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

**(i) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities.

**Trade receivables**

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. In respect of trade receivables, the company is not exposed to any significant credit risk exposure to any single counter party or any group of counterparties having similar characteristics. Based on historical information about customer default rates management consider the credit quality of trade receivable.

**Cash and cash equivalents**

The Company held cash and cash equivalents of INR 4.56 Lacs as at 31st March 2020 (as at 31st March 2019: INR 4.54 Lacs.) . The cash and cash equivalents are held with banks.

**Investments**

The Company does not expect any losses from non-performance by the Investment made.

**Other financial assets**

Other financial assets mainly comprises of tender deposits and security deposits which are given to customers or other governmental agencies and are assessed by the Company for credit risk on a continuous basis.

**(ii) Liquidity risk**

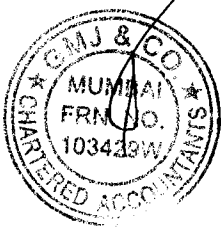
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

1 to 30

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Particulars	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
<b>As at 31st March 2020</b>						
<b>Financial liabilities</b>						
Borrowings	17,80,87,337	17,80,87,337	17,80,87,337			
Trade Payables	2,71,85,205	2,71,85,205	2,71,85,205			
Other financial liabilities	4,72,43,343	4,72,43,343	4,72,43,343			
	<b>25,25,15,885</b>	<b>25,25,15,885</b>	<b>25,25,15,885</b>			
<b>As at 31st March 2019</b>						
<b>Financial liabilities</b>						
Borrowings	17,95,47,120	17,95,47,120	17,95,47,120			
Trade Payables	5,36,75,567	5,36,75,567	5,36,75,567			
Other financial liabilities	3,22,81,765	3,22,81,765	3,22,81,765			
	<b>26,55,04,452</b>	<b>26,55,04,452</b>	<b>26,55,04,452</b>			



**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

**Exposure to interest rate risk**

Company's interest rate risk arises primarily from borrowings. The interest rate profile of the Company's interest-bearing financial instruments is as follows.

Particulars	March 31, 2020	March 31, 2019
Financial liabilities - measured at amortised cost		
Short term borrowings	17,80,87,337	17,95,47,120
	(17,80,87,337)	(17,95,47,120)

**Fair value sensitivity analysis for fixed-rate instruments**

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	2019-20		2018-19	
	1% Increase	1% Decrease	1% Increase	1% Decrease
1% Movement	-	-	-	-

The risk estimates provided assume a change of 100 basis points interest rate for the interest rate benchmark as applicable to the borrowings summarised above. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.



**GLOBAL COMPOSITES & STRUCTURALS LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

(Amount in INR)

**29. CAPITAL MANAGEMENT**

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

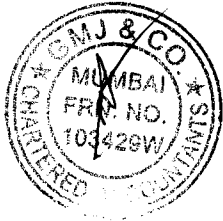
The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue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

Particulars	March 31, 2020	March 31, 2019
Borrowings	17,80,87,337	17,95,47,120
Trade payables	2,71,85,205	5,36,75,567
Other payables	5,19,27,696	4,40,20,440
Less: Cash and cash equivalents	(4,56,673)	(4,54,059)
<b>Net Debt</b>	<b>25,67,43,564</b>	<b>27,67,89,068</b>
Equity	2,93,55,000	2,93,55,000
<b>Total Capital</b>	<b>2,93,55,000</b>	<b>2,93,55,000</b>
<b>Capital and net debt</b>	<b>28,60,98,564</b>	<b>30,61,44,068</b>
<b>Gearing ratio</b>	<b>90</b>	<b>90</b>



**GLOBAL COMPOSITES & STRUCTURALS LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

<b>30. ASSETS PLEDGED AS SECURITY</b>		
The carrying amount of assets pledged as security for current and non current borrowings are:		
	March 31, 2020	March 31, 2019
<b>CURRENT ASSETS</b>		
<b>i. Financial Assets</b>		
<b>First Charge</b>		
Trade Receivable	2,07,53,124	2,13,89,208
<b>ii. Non Financial Assets</b>		
<b>First Charge</b>		
Inventories	1,10,39,395	2,10,37,676
<b>Total current assets pledge as security</b>	<b>3,17,92,519</b>	<b>4,24,26,884</b>
<b>NON CURRENT ASSETS</b>		
<b>First Charge</b>		
<b>Freehold land</b>		
Equitable Mortgage of Land & Building located at Gut.69-A & B70,71,73 & 89-A, Village Nichole, Post Kanivali Tal Wada, Dist, Thane	1,38,34,457	1,38,34,457
<b>Plants and equipments</b>		
Hyp of Plant & Machinery present and future covering total exposure.	1,20,63,752	1,36,58,971
<b>Total non current assets pledge as security</b>	<b>2,58,98,209</b>	<b>2,74,93,428</b>



**GLOBAL COMPOSITES & STRUCTURALS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**31. Networth**

The net worth of the Company has been eroded completely as at 31st March 2020. The Management has undertaken various cost reduction programs during the year and it expects better returns in the coming years from manufacturing of composites, FRP storage tank, FRP tanks for swimming Pools and fabrication of FRP/GRP pipes and fitting as a result of improved business sentiments.

In addition to the above the management has given manufacturing facilities at Wada to Ion Exchange (India) Ltd to manufacture their products on Job work basis which generates additional revenue to the company.

In view of the present financial position of the company the Holding Company has assured that it is not their intention to withdraw the existing financial support to the Company and also to provide and maintain sufficient financial supports and assistance as may be needed to enable the business activities of the company to continue to be conducted as a going concern.

32. The Company has initiated the process of obtaining confirmation from suppliers regarding the registration under the "Micro, Small and Medium Enterprises Development Act, 2006". The suppliers are not registered wherever the confirmation are received and in other cases, the Company is not aware of their registration status and hence information relating to outstanding balance or interest due is not disclosed as it is not determinable.

**33. COVID Impact:**

The company has considered the possible effects that may result from the pandemic relating to carrying amounts of receivables, inventories, fixed assets and investments. In developing the assumptions relating to the possible future uncertainty in the global economic conditions because of this pandemic, The Company, as at the date of approval of these financial statements has used internal and external sources. Based on company's current estimates, the carrying value of these assets will be recovered. Further, the pandemic has created a big disruption in everything including economic activities and the company is no exception to that. But the management has taken appropriate steps to minimise the impact of COVID19.

Secondly, as the Company is executing orders for supply / services to IEI who are in the business of water and water is an essential commodity and therefore the companies products and services are for providing of essential goods and services. In fact the pandemic has given the company new opportunities for Additional business as there will be more demand for pure water, treated water, treatment & recycling of waste water.

**34. Moratorium for Term Loan and Interest on Working Capital Limits:**

As per RBI Circular Dated 27th March 2020 (Press Release: 2019-2020/2130), RBI had permitted the Customers of all commercial banks to a moratorium of three months on payments of installments in respect of all term loans and Interest on Working Capital Limits outstanding as on 1st March 2020. Also, RBI had issued a Circular Dated 22nd May 2020 for further extension of moratorium by another three months, i.e., from June 1, 2020 to August 31, 2020. The Company has an outstanding Interest payable for the month of March 2020 amounting to Rs.21,84,233 on the overdraft Facility Availed from TSBJ Sahakari Bank Limited which the company has not paid till date as the company has availed the moratorium for interest payment.

**35. (A) Contingent Liabilities:**

Particulars	As at 31st March 2020
TDS Default (Prior Years)	7,797
Sales Tax & MVAT demand disputed by Company	2,07,93,860

**(B) Sales Tax Disputed Demand Settlement-Amnesty Scheme :**

The Company had Received a Statutory Orders:

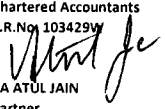
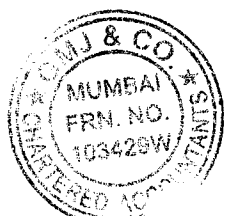

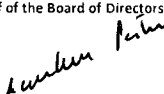
(A) Order dated 29th October, 2015 from Sales Tax Department for the period 01-04-2007 to 31-03-2008 (FY-2007-2008) amounting to Rs.13,64,449 (Includes Tax Rs.6,36,140 and Interest of Rs.7,28,309).

(B) Order dated 15th October, 2015 from Sales Tax Department for the period 01-04-2009 to 31-03-2010 (FY-2009-2010) amounting to Rs.26,30,448 (Includes Tax Rs.14,00,924 and Interest of Rs.12,29,524).

During the year the Company filed an Application which had been accepted and the order for settlement has been passed by the Deputy Commissioner of Sales Tax Pal-VAT on 31st July 2019 for Settlement under which the company made payment of Rs.12,14,316 out of the total demand of Rs.39,94,897 which has been recognized in the statement of profit and loss during the current period and balance amounting to Rs.27,80,581 has been waived off by the department.

36. In the opinion of the Board, the balances of sundry debtors, creditors and loans & advances are subject to confirmation and reconciliation, if any, if realized in the ordinary course of business have value on realization at least to the amount at which they are stated in the Balance Sheet. The provision for all known liabilities subject to confirmation by respective parties are adequate and not in excess of amount reasonably necessary.

37. Previous year figures have been regrouped/ reclassified wherever considered necessary to confirm to the current year presentation.

<p>As per our report of even date attached                  For GMJ &amp; CO.                  Chartered Accountants                  F.R.No. 103429W                    CA ATUL JAIN                  Partner                  M.No.: 037097                  UDIN: 20037097AAAAAT3805                  Mumbai                  Date : 24th June, 2020</p>		<p>For and on behalf of the Board of Directors                    Dinesh Sharma                  Director                  00051986</p> <p>                  Aankur Patni                  Director                  00090657</p>
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