

## **Independent Auditor's Report To The Members of Brilloca Limited**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Brilloca Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the period then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

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

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

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

### **Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial



statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31<sup>st</sup> March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.


### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss including the other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
  - (e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2018 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"; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company did not have any pending litigation, the impact of which is required to be disclosed/ to be provided for in financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **LODHA & CO.**  
Chartered Accountants  
FRN: 301051E

  
(N.K. Lodha)

Partner  
Membership No. 85155



Place: Gurugram  
Dated: 30<sup>th</sup> May 2018



## **Annexure – A to the Auditors' Report**

**The Annexure referred to in Independent Auditors' Report to the members of the Brilloca Limited on the standalone financial statements for the period ended 31<sup>st</sup> March 2018, we report that:**

- (i) The Company does not have any fixed assets during the period. Accordingly, clause 3 (i) of the Order is not applicable.
- (ii) As per the information and explanation given to us, the Company does not have any inventory during the period. Accordingly, clause 3 (ii) of the Order is not applicable.
- (iii) According to the records and information and explanation made available to us, the Company has not granted any loans to the parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), hence other parts of this clause are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities.
- (v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and relevant rules, hence, we do not offer any comment on the same. Further, we have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, entry tax, goods and service tax, cess and other material statutory dues, with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31<sup>st</sup> March 2018.  
  
(b) According to the records and information & explanations given to us, there are no dues in respect of income tax, sales tax, service tax, goods and service tax, duty of excise and value added tax that have (also there was no delay in deposit and no outstanding as at 31<sup>st</sup> March 2018 for a period over 6 months) not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the period. The Company did not have any outstanding debentures during the period.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments).



- (x) Based on the audit procedures performed and on the basis of information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid / provided for any managerial remuneration under the provisions of Section 197 of the Companies Act, 2013. Accordingly, clause 3(xi) of the Order is not applicable on the Company.
- (xii) On the basis of information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.
- (xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related parties transactions entered during the period, the company has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details, the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. (Refer Note no. 10)
- (xiv) During the period, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **LODHA & CO.**  
Chartered Accountants  
FRN: 301051E

(N.K. Lodha)  
Partner  
Membership No.85155  
Place: New Delhi  
Dated:30<sup>th</sup> May 2018





## **Annexure – B to the Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **Brilloca Limited** ("the Company") as of 31<sup>st</sup> March 2018 in conjunction with our audit of the standalone financial statements of the Company for the period 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 Companies Act, 2013.

#### **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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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



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

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

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2018, 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 **LODHA & CO.**

Chartered Accountants

FRN: 301051E



(N.K. Lodha)

Partner

Membership No.85155



Place: New Delhi

Dated: 30<sup>th</sup> May 2018

**Brilloca Limited**  
**Balance sheet as at 31 March 2018**

Particulars		Note	( ₹ ) As at 31 March 2018
ASSETS			
1	Non-current assets		-
	Total non-current assets		-
2	Current assets		
	(a) Financial assets		
	(i) Investments	2	8,56,866
	(ii) Cash and cash equivalents	3	68,603
	Total current assets		9,25,469
	Total assets		9,25,469
EQUITY AND LIABILITIES			
1	Equity		
	(a) Equity share capital	4	10,00,000
	(b) Other equity		(1,21,831)
	Total equity		8,78,169
2	Liabilities		
	Non-current liabilities		-
	Total non-current liabilities		-
	Current liabilities		
	(a) Financial liabilities		-
	(i) Other financial liabilities	5	43,200
	(b) Other current liabilities	6	4,100
	Total current liabilities		47,300
	Total liabilities		47,300
	Total equity and liabilities		9,25,469

Notes 1 to 17 form an integral part of these financial statements.  
In terms of our report attached.

**For Lodha & Co**  
Chartered Accountants  
Firm Registration No.: 301051E

**N.K. Lodha**  
**Partner**  
M. No. 85155  
Place : Gurugram  
Date : 30th May 2018



**For and on behalf of the Board of Directors**

**Sandip Somany**  
Director  
DIN: 00053597

**Girdhar Lal Sultania**  
Director  
DIN: 00060931



**Brilloca Limited****Statement of profit and loss for the period ended 31 March 2018**

(₹)

Particulars	Note	Period ended 31 March 2018
I Revenue from operations		-
II Other income	7	6,866
III <b>Total income</b>		<b>6,866</b>
IV <b>Expenses</b>		
Other expenses	8	1,28,697
<b>Total expenses</b>		<b>1,28,697</b>
V <b>Profit / (Loss) before exceptional items and tax</b>		<b>(1,21,831)</b>
VI <b>Exceptional items</b>		-
VII <b>Profit / (loss) before tax</b>		<b>(1,21,831)</b>
VIII <b>Tax expense</b>		
(1) Current tax		-
(2) Deferred tax		-
<b>Total tax expense</b>		<b>-</b>
IX <b>Profit / (loss) for the period</b>		<b>(1,21,831)</b>
X <b>Other comprehensive income</b>		
(i) Items that will not be reclassified to profit or loss		
(a) Remeasurements of the defined benefit plan		-
(b) Changes in fair value of equity instruments through other comprehensive income		-
(ii) Income-tax relating to these items		-
<b>Other comprehensive income, net of tax</b>		<b>-</b>
XI <b>Total comprehensive income for the period</b>		<b>(1,21,831)</b>

**Earnings per equity share (of ₹ 2/- each):**

Basic and diluted

(0.24)

Notes 1 to 17 form an integral part of these financial statements.

For Lodha &amp; Co

Chartered Accountants

Firm Registration No.: 301051E

**N.K. Lodha****Partner**

M. No. 85155

Place : Gurugram

Date : 30th May 2018



For and on behalf of the Board of Directors

**Sandip Somany**

Director

DIN: 00053597

**Girhari Lal Sultania**

Director

DIN: 00060931

**Brilloca Limited****Cash flow statement for the period ended 31 March 2018**

Particulars	( ₹ ) Period ended 31 March 2018
<b>Cash flows from operating activities</b>	
Loss before tax	(1,21,831)
Adjustments for:	
Fair value gain on investments	(6,866)
	<u>(1,28,697)</u>
<b>Movements in working capital:</b>	
Increase in trade and other liabilities	47,300
	<u>47,300</u>
<b>Cash generated from operations</b>	<u>(81,397)</u>
Income taxes paid	-
<b>Net cash generated by operating activities</b>	<u>(81,397)</u>
<b>Cash flows from investing activities:</b>	
Payments to acquire financial assets (investment in mutual funds)	(8,50,000)
<b>Net cash (used in) investing activities</b>	<u>(8,50,000)</u>
<b>Cash flows from financing activities:</b>	
Proceed from capital issue ( Equity Shares)	10,00,000
<b>Net cash used in financing activities</b>	<u>10,00,000</u>
<b>Net increase in cash and cash equivalents:</b>	68,603
Cash and cash equivalents at the beginning of the year	-
<b>Cash and cash equivalents at the end of the year</b>	68,603

Notes 1 to 17 form an integral part of these standalone financial statements.

In terms of our report attached.

**For and on behalf of the Board of Directors**

**For Lodha & Co**

Chartered Accountants

Firm Registration No.: 301051E

**N.K. Lodha**

**Partner**

M. No. 85155

Place : Gurugram

Date 30th May 2018



**Sandip Somany**

Director

DIN: 00053597

**Girdhari Lal Sultania**

Director

DIN: 00060931



Brilloca Limited

Statement of change in equity

a) Equity share capital

Particulars	As at 31 March 2018	
	No. of shares	(₹)
<b>Authorised:</b>		
Equity shares of ₹ 2 each	5,00,000	10,00,000
<b>Issued:</b>		
Equity shares of ₹ 2 each	5,00,000	10,00,000
<b>Subscribed and fully paid:</b>		
Equity shares of ₹ 2 each	5,00,000	10,00,000

b) Other equity		(₹)
Particulars	Reserves and surplus	Total
		Retained earnings
Loss for the period		(1,21,831.19)
Other comprehensive income for the period (net of income tax)		-
Total comprehensive income for the period		(1,21,831.19)
Balance as at 31 March 2018		(1,21,831.19)

Notes 1 to 17 form an integral part of these standalone financial statements.  
In terms of our report attached.

For and on behalf of the Board of Directors

For Lodha & Co  
Chartered Accountants  
Firm Registration No.: 301051E

N.K. Lodha  
Partner  
M. No. 85155  
Place : Gurugram  
Date : 30th May 2018



Sandip Somaný  
Director  
DIN: 00053597

Girdhari Lal Sultana  
Director  
DIN: 00060931

**Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2018 (contd.)**

**1. A) Corporate information**

Brilloca Limited (the 'Company') is a public limited company incorporated in India on 28 September 2017 under the Companies Act, 2013. The registered office of the Company is situated in Kolkata. The Company is into the business of manufacturing, selling and trading of building products, glass products, consumer products, plastic products and retail business. The Company is wholly owned subsidiary of Somany Home Innovation Limited and Step down subsidiary of HSIL Limited whose shares are listed on the National Stock Exchange of India Limited and BSE Limited.

**B) Application of new and revised Indian Accounting Standard ("Ind AS")**

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered in preparing these financial statements.

**Recent accounting pronouncements**

**Standards issued but not yet effective**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. These amendments will come into force for financial periods beginning on or after April 1, 2018.

**Ind AS 115- Revenue from Contract with Customers**

Ind AS 115 was issued on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. As per revised standard an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Scheme filled with NCLT (Read with note 14 & 16) is pending approval. The goods and services are to be sold both on their own in separate identified contracts with customers and together as a bundled package of goods and/or services. The new revenue standard provide for either full retrospective application or modified retrospective application for annual period beginning on or after April 01, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition approach and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant. Additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers, are required to be made.

**Ind AS 21, Foreign currency transactions and advance consideration**

**Appendix B** of Ind As 21 has clarified that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income on the de-recognition of a non-monetary asset or nonmonetary liability relating to advance consideration, shall be date when an entity has received or paid advance consideration in a foreign currency.





## **Brilloca Limited**

### **Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2018 (contd.)**

The Company has evaluated the effect of this on the financial statements and the impact is not material.

#### **Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses**

It has been clarified that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. It also provide guidance about how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments. These amendments are effective for annual periods beginning on or after 1 April 2018 (applying retrospectively). These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.



**Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2018 (contd.)**

**C) Significant accounting policies and other explanatory information**

**1.1 Statement of compliance with Indian Accounting Standards (Ind AS)**

The financial statements of the Company have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The financial statements for the year ended 31 March 2018 are the Company's first Ind AS financial statements.

The financial statements of Brilloca Limited as at and for the year ended 31 March 2018 were approved and authorised for issue by the Board of Directors on 30 May 2018.

**1.2 Historical cost convention**

These financial statements have been prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value.

**1.3 Business combinations**

Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity. (Read with note no 14 & 16)

**1.4 Revenue recognition**

Revenue arises from sale of goods and rendering of services. It is measured at the fair value of the consideration received or receivable excluding sales tax and reduced by any rebates and trade discount allowed.

**Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the accounting period in which such services are rendered. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

**Interest and dividends**

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive payment is established





**Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2018 (contd.)**

**1.5 Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

**Company as the lessor**

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

**Company as the lessee**

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on straight-line basis unless the payments are structured to increase in line with expected general inflation to compensate for lessor's expected inflationary cost increases.

**1.6 Foreign currency transactions and translations**

**Initial recognition**

The Company's financial statements are presented in INR, which is also the Company's functional currency. Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

**Measurement at the balance sheet date**

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

**Treatment of exchange difference**

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

**1.7 Borrowing costs (Read with note 14 & 16)**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their



**Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2018 (contd.)**

intended use or sale, are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred and reported in finance cost.

**1.8 Employee benefits**

Employee benefits include provident fund, pension fund, gratuity and compensated absences. (Read with note 14 & 16)

**Taxation**

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

**Current tax**

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

**Deferred tax**

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although Ind AS 12, Income Taxes, specifies limited exemptions.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

**1.9 Operating cycle**

Based on the nature of products/activities of the Company and the normal time between purchase of raw materials and their realisation in cash or cash equivalents, the Company has determined its operation cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**1.10 Operating expenses**

Operating expenses are recognised in statement of profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Company incurs an obligation, which is typically when the related goods are sold.

**1.11 Property, Plant and equipment (Read with Note no 14 & 16)**

**1.12 Depreciation and Amortisation (Read with Note no 14 & 16)**





**Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2018 (contd.)**

**1.13 Impairment of property, plant and equipment (Read with Note no 14 & 16)**

**1.14 Inventories (Read with Note no 14 & 16)**

**1.15 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

**1.16 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**1.17 Provisions and contingencies**

A provision is recognised in the financial statements where there exists a present obligation as a result of a past event, the amount of which can be reliably estimated, and it is probable that an outflow of resources would be necessitated in order to settle the obligation. 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes unless the outflow of resources is considered to be remote. Contingent assets are neither recognised nor disclosed in the financial statements.

**1.18 Equity, reserves and dividend payments**

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

Retained earnings include current and prior period retained profits. All transactions with owners of the Company are recorded separately within equity.

Dividend distribution payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

**1.19 Earnings per share**

Basic earnings or loss per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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



**Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2018 (contd.)**

**1.20 Fair value measurement**

The Company measures financial instruments such as investments in mutual funds, investment in certain equity shares etc. at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**1.21 Financial instruments**

**I. Financial assets**

**a. Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in 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, which are not at fair value through profit and loss, are added to fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

**b. Subsequent measurement**

**(i) Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**(ii) Financial assets at fair value through other comprehensive income (FVOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**(iii) Financial assets at fair value through profit or loss (FVTPL)**

A financial asset which is not classified in any of the above categories are subsequently fair valued through statement of profit and loss.

**c. Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets measured at amortised cost and assets measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.





**Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2018 (contd.)**

**d. De-recognition of financial assets**

A financial asset is derecognised when:

- The Company has transferred the right to receive cash flows from the financial assets or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity transfers the financial asset, it evaluates the extent to which it retains the risk and rewards of the ownership of the financial assets. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the entity retains substantially all the risks and rewards of ownership of the financial asset, the entity shall continue to recognise the financial asset.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of the ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial assets, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**II. Financial liabilities**

**Initial recognition and subsequent measurement**

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

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. Changes in the amortised value of liability are recorded as finance cost.

**III. Fair value of financial instruments**

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realization on future date.

**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.

**1.22 Derivative financial instruments**

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.





**Significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2018 (contd.)**

**1.23 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**(ii) Estimation of current tax and deferred tax**

Management judgment is required for the calculation of provision for income - taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in the financial statements.

**(iii) Fair value measurement**

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.



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**Brilloca Limited**

Significant accounting policies and other explanatory information to the standalone financial statements for the period ended 31 March 2018

**Note 2 - Current investments**

(₹)

Particulars	As at 31 March 2018	
	Nos.	Amount
Fair value through profit and loss (FVTPL)		
Quoted investments (fully paid up)		
- HDFC Liquid Fund-Regular Plan-Growth (face value Rs.10/-)	251.239	8,56,866
	251.239	8,56,866

**Note 3 - Cash and cash equivalents**

Balances with banks in current account

68,603

68,603



## Note 4 - Equity share capital

Particulars	As at 31 March 2018	
	No. of shares	(₹)
<b>Authorised:</b>		
Equity shares of ₹ 2 each	5,00,000	10,00,000
<b>Issued:</b>		
Equity shares of ₹ 2 each	5,00,000	10,00,000
<b>Subscribed and fully paid:</b>		
Equity shares of ₹ 2 each	5,00,000	10,00,000
	5,00,000	10,00,000

## (a) Reconciliation of share outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 March 2018	
	Number	(₹)
Equity shares outstanding at the beginning of the period	-	-
Add: Shares issued during the period	5,00,000	10,00,000
Equity shares outstanding at the end of the period	5,00,000	10,00,000

## (b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 2/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the subsequent Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company after distributions of all preferential amount. The distributions will be in proportion to the number of equity shares held by the shareholders; and any other right as the Memorandum and Articles of Association of the Company may prescribe in relation to the aforesaid equity shares of the Company.

## (c) List of shareholders holding more than 5% of the equity share capital of the Company at the beginning and at the end of the reporting period

Name of the Shareholders	31 March 2018	
	No. of Equity Shares held	% of Equity Shares
Somany Home Innovation Limited ( Holding Co.) and its nominees	5,00,000	100

## (d) There are no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and bought back during the last 5 years.

## Note 5 - Other Current liabilities - Other financial liabilities

Particulars	As at 31 March 2018	
	(₹)	
Creditors for Expenses	43,200	
	43,200	

## Note 6 - Other current liabilities

Particulars	As at 31 March 2018	
	(₹)	
Statutory Dues - TDS payable	4,100	
	4,100	





Brilloca Limited

Significant accounting policies and other explanatory information to the standalone financial statements for the period ended 31 March 2018

Note 7 - Other income

	(₹)
Particulars	As at
	31 March 2018
Fair value gain of financial instruments (MF)	6,866
	<u>6,866</u>

Note 8 - Other expenses

	(₹)
Particulars	As at
	31 March 2018
- Rates and taxes	4,650
- Miscellaneous expenses	3,305
- Legal & Professional Expenses	9,440
- Auditor Remuneration	
- Audit Fee	47,200
- Preliminary expenses	64,102
	<u>1,28,697</u>



## Note 9 - Earnings per share

Particulars	No. of shares	For the year ended 31 March 2018
Profit for the year attributable to owners of the Company (₹)		(1,21,831)
Weighted average number of equity shares (nos.)	5,00,000	5,00,000
Nominal value per share (₹)		2
Earnings per share - basic and diluted (₹)		(0.24)

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

## Note 10 - Related Party Disclosures

### i) Name and relationship

- a) Shri Sandip Somany - Director (since incorporation)
- b) Shri Girdhari Lal Sultania - Director (since incorporation)
- c) Shri Niranjana Kumar Goenka - Director (since incorporation)
- d) Somany Home Innovation Limited - Holding Company (w.e.f. 02'Nov'2017)

### ii) Transactions that have taken place during the period 02.11.2017 to 31.03.2018 with related parties by the Company :

#### Name of the Party and nature of transaction:

Somany Home Innovation Limited - Subscriber to the memorandum 10,00,000

## Note 11- Payment to Auditors

Statutory Audit Fees ( Including Taxes)

(₹)
As at
31 March 2018
47,200
47,200

## Note 12- Segment Reporting

The Company has yet to start its business operation, hence no segment been identified and reported.

## Note 13 - Employee benefits

The Company had no employee during the year under review, hence provision employee benefits are not required to be made by the Company as on Balance Sheet date.

## Note 14 - The Scheme

The Board of Directors of the Parent Company, in its meeting held on 10 November 2017 had approved a composite Scheme of Arrangement under section 230 to 232, read with section 66 and other applicable provisions of the Companies Act 2013 and the provisions of other applicable laws, amongst the Company, Somany Home Innovation Limited, a wholly owned subsidiary of the Company ("Resulting Company 1") and Brilloca Limited, a wholly owned subsidiary of Resulting Company 1 ("Resulting Company 2") and their respective shareholders and creditors ("Scheme"). The Scheme provides for the demerger of, (i) the Consumer Products Distribution and Marketing Undertaking ("CPDM Undertaking") and Retail Undertaking of the Company into Resulting Company 1, and (ii) the Building Products Distribution and Marketing Undertaking ("BPDM Undertaking") of the Company into Resulting Company 2. The Appointed Date for the Scheme is 1 April 2018 or such other date as directed by the Hon'ble Kolkata Bench of the National Company Law Tribunal ("NCLT"). The Scheme is subject to necessary regulation, approval and sanction by Hon'ble NCLT. The Company has received approval from BSE Limited and the National Stock Exchange of India Limited and is in the process of filing the application with Hon'ble NCLT for approval.



## Note - 15 Financial instruments and risk review

## Capital management

The Company manages its capital to be able to continue as a going concern while maximising the returns to shareholders through optimisation of the debt and equity balance. The capital structure consists of debt, as on 31 March 2018, which includes the borrowings; cash and cash equivalents as disclosed in note 3 and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings as disclosed in the Statement of changes in equity. For the purpose of calculating gearing ratio, debt is defined as non current and current borrowings (excluding derivatives). Equity includes all capital and reserves of the Company attributable to equity holders of the Company. The Company is not subject to externally imposed capital requirements. The Board reviews the capital structure and cost of capital on an annual basis but has not set specific targets for gearing ratios. The risks associated with each class of capital are also considered as part of the risk reviews presented to the Audit Committee and the Board of Directors.

The following table summarises the capital of the Company

		(₹)
Particulars		31 March 2018
Equity *		8,78,169
Liquid assets (cash and cash equivalent and current investments) (a)		9,25,469
Current borrowings		
Non- current borrowings		
Current maturities of non current borrowings		
Total debt (b)		-
Net debt [c = (b) - (a)]		(9,25,469)
Total capital (equity+net debt)		(47,300)
Gearing ratio		
Debt to equity		-
Net debt to equity ratio		-

## Categories of financial instruments and fair valuation techniques and input used

Categories of financial assets/(liabilities)	31 March 2018				
	Notes	Gain/(loss) to equity	Carrying value	Gain/(loss) to income	Fair value hierarchy
<b>Financial assets measured at amortised costs</b>					
Cash and bank balances	3	68,603	68,603	-	-
<b>Liabilities</b>					
- Other financial liabilities	5	43,200	43,200	-	-
<b>Financial assets measured at fair value</b>					
Investments	2	-	8,56,866	6866	1

## Financial risk management objective

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company is not engaged in speculative treasury activities but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

The use of any derivative is approved by the management, which provide guidelines on the acceptable levels of interest rate risk, credit risk, foreign exchange risk and liquidity risk and the range of hedging requirement against these risks.

## Cash and cash equivalents and short term investments

The Company considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. Generally the balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant deposit balances other than those required for its day to day operations.

## Liquidity risk:

Liquidity risk reflects the risk that the Company will have insufficient resources to meet its financial liabilities as they fall due.

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities so that it does not breach borrowing limits.

The table below provides undiscounted cash flows towards non-derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date and, where applicable, their effective interest rates.

		(₹)			
Particulars	Notes	As at 31 March 2018			Total
		not later than one	later than one year	later than five years	
<b>Financial liabilities</b>					
Current payables	5	43,200			43,200
<b>Total</b>		43,200	-	-	43,200



**Note 16** - The Company was incorporated on 02nd November 2017. Accordingly, the financial statements for the current accounting period are prepared for a period from 02nd November 2017 to 31st March, 2018. Hence the comparable figures are not available.

**Note 17 - Contingent Liability and other commitment**

Nil

**For and on behalf of the Board of Directors**

**For Lodha & Co**

Chartered Accountants

Firm Registration No.: 301051E

**N.K. Lodha**

**Partner**

M. No. 85155

Place : Gurugram

Date : 30th May 2018



**Sandip Somany**

Director

DIN: 00053597

**Girdhari Lal Samania**

Director

DIN: 00060931