

GULBARGA CEMENT LIMITED

STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Gulbarga Cement Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Gulbarga Cement Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 December 31, 2016, its loss, and its cash flows for the year 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 sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on December 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2016, 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 2 to this report;
 - (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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Kaustav Ghose

per Kaustav Ghose
Partner
Membership Number: 057828
Place of Signature: Bengaluru
Date: February 9, 2017



Annexure 1

Annexure referred to in clause 1 of Report on Other Legal and Regulatory Requirements paragraph of our report of even date

Re: Gulbarga Cement Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The Company is in the process of setting up its cement plant and has not started its commercial production as at December 31, 2016. Accordingly, it did not hold any physical inventories. Accordingly, the requirements under paragraph 3(ii) of the order are not commented upon.
- (iii) (a) According to the 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. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) Since the Company has not commenced commercial production of cement, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, service tax, income tax and other statutory dues applicable to it. The provisions relating to employees' state insurance, sales-tax, duty of excise, value added tax are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, service tax, income tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (INR in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax, surcharge and cess	193.28	2011 - 2012	Assistant Commissioner of Income Tax

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are applicable to the Company but no payment has been made in the current year.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Kaustav Ghose

per Kaustav Ghose

Partner

Membership Number: 057828

Place of Signature: Bengaluru

Date: February 9, 2017



Annexure 2

Annexure to the Independent Auditor's Report of even date on the financial statements of Gulbarga Cement Limited

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 Gulbarga Cement Limited ("the Company") as of December 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 as specified under section 143(10) of the Companies Act, 2013, to the extent 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 December 31, 2016, 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.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Companies Act, 2013, the financial statements of the Company, which comprise the Balance Sheet as at December 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated February 9, 2017 expressed an unqualified opinion.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Kaustav Ghose

per Kaustav Ghose

Partner

Membership Number: 057828

Place of Signature: Bengaluru

Date: February 9, 2017



Gulbarga Cement Limited
Balance sheet as at 31 December 2016
Indian rupees (INR) in lakhs, unless otherwise stated

	Notes	31 December 2016	31 December 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	10,488.05	10,488.05
Reserves and surplus	4	25,591.63	26,374.57
		<u>36,079.68</u>	<u>36,862.62</u>
Non-current liabilities			
Long-term borrowings	5	6,848.69	6,114.24
Other long-term liabilities	6	3,360.95	2,416.49
		<u>10,209.64</u>	<u>8,530.73</u>
Current liabilities			
Other current liabilities	7	81.19	1,337.62
TOTAL		<u><u>46,370.51</u></u>	<u><u>46,730.97</u></u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	30.77	2.09
Intangible assets	9	550.71	608.68
Capital work-in-progress	27	18,070.82	17,119.71
		<u>18,652.30</u>	<u>17,730.48</u>
Long-term loans and advances	10	25,970.15	26,159.02
Current assets			
Current investments	12	-	1,987.52
Cash and bank balances	13	1,003.71	29.43
Short-term loan and advances	10	737.32	819.93
Other current assets	11	7.03	4.59
		<u>1,748.06</u>	<u>2,841.47</u>
TOTAL		<u><u>46,370.51</u></u>	<u><u>46,730.97</u></u>
Summary of significant accounting policies	2		

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

As per our report of even date attached

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Kaustav Ghose
per Kaustav Ghose
Partner
Membership number: 057828
Place: Bengaluru
Date: February 09, 2017



For and on behalf of the Board of Directors of
Gulbarga Cement Limited
CIN: U26941KA2007PLC054428

<i>Jamshed Naval Cooper</i> Jamshed Naval Cooper Chairman DIN - 01527371	<i>Juan-Francisco Defalque</i> Juan-Francisco Defalque Director DIN - 07318811	<i>Kevin Gerard Gluskie</i> Kevin Gerard Gluskie Director DIN - 07413549
<i>S. Sundaram</i> S. Sundaram Director DIN - 07103135	<i>R. Ramakrishnan</i> R. Ramakrishnan Director DIN - 00680202	<i>Akila Krishnakumar</i> Akila Krishnakumar Director DIN - 06629992

<i>K. Varaprasad</i> K. Varaprasad Chief Financial Officer	<i>L.R. Neelakanta</i> L.R. Neelakanta Company Secretary
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Place: Gurgaon
Date: February 09, 2017



Gulbarga Cement Limited
Statement of profit and loss for the year ended 31 December 2016
Indian rupees (INR) in lakhs, unless otherwise stated

	Notes	31 December 2016	31 December 2015
Income			
Other income	14	100.90	249.84
Expenses			
Finance costs	15	705.49	744.50
Depreciation and amortisation expense	16	61.92	59.68
Other expenses	17	116.43	134.81
Total expenses		883.84	938.99
Loss before tax		(782.94)	(689.15)
Tax expenses			
Current tax		-	-
Deferred tax	29	-	-
Loss after tax		(782.94)	(689.15)
Loss per equity share [nominal value of share INR 10 each (previous year INR 10 each)]	19		
Basic (INR)		(0.75)	(0.66)
Diluted (INR)		(0.75)	(0.66)
Summary of significant accounting policies	2		

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

As per our report of even date attached

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
Gulbarga Cement Limited
CIN: U26941KA2007PLC054428

Kaustav Ghose

per Kaustav Ghose
Partner
Membership number: 057828
Place: Bengaluru
Date: February 09, 2017



Jamshed Naval Cooper

Jamshed Naval Cooper
Chairman
DIN - 01527371

Juan-Francisco Defalque

Juan-Francisco Defalque
Director
DIN - 07318811

Kevin Gerard Gluskie

Kevin Gerard Gluskie
Director
DIN - 07413549

S. Sundaram

S. Sundaram
Director
DIN - 07103135

R. Ramakrishnan

R. Ramakrishnan
Director
DIN - 00680202

Akila Krishnakumar

Akila Krishnakumar
Director
DIN - 06629992

K. Varaprasad

K. Varaprasad
Chief Financial Officer

L.R. Neelakanta

L.R. Neelakanta
Company Secretary

Place: Gurgaon
Date: February 09, 2017



Gulbarga Cement Limited
Cash flow statement for the year ended 31 December 2016
Indian rupees (INR) in lakhs, unless otherwise stated

	31 December 2016	31 December 2015
Cash flows from operating activities		
Loss before tax	(782.94)	(689.15)
Adjustments:		
Depreciation and amortisation	61.92	59.68
Finance costs	705.49	744.50
Unrealised foreign exchange loss/(gain)	(0.39)	1.44
Interest income	(25.84)	(231.15)
Profit on sale of current investments, net	(74.67)	(18.69)
Operating cash flows before working capital changes	<u>(116.43)</u>	<u>(133.37)</u>
Increase / (decrease) in other current liabilities	(201.02)	149.38
Decrease / (increase) in long-term loans and advances	(116.13)	(135.78)
Decrease / (increase) in short-term loan and advances	82.61	19.20
Net cash used in operating activities (A)	<u>(350.97)</u>	<u>(100.57)</u>
Cash flows from investing activities		
Purchase of fixed assets and capital work in progress	(689.71)	(2,300.59)
Purchase of current investments	(3,763.31)	(3,132.00)
Proceeds from sale of current investments	5,825.50	1,186.17
Interest received	23.40	236.20
Net cash used in investing activities (B)	<u>1,395.88</u>	<u>(4,010.22)</u>
Cash flows from financing activities		
Proceeds from issue of shares (including securities premium)	-	5,000.00
Repayment of term loan	-	(2,406.30)
Interest and financing charges paid	(70.63)	(811.23)
Net cash provided by financing activities (C)	<u>(70.63)</u>	<u>1,782.47</u>
Net decrease in cash and cash equivalents (A+B+C)	974.28	(2,328.32)
Cash and cash equivalents at the beginning of the year	11.40	2,339.72
Cash and cash equivalents at the end of the year	<u>985.68</u>	<u>11.40</u>
Cash and cash equivalents		
Balances with banks:		
On current accounts	5.68	11.40
Deposits with a original maturity of less than three months	980.00	-
Total cash and cash equivalents (refer note 13)	<u>985.68</u>	<u>11.40</u>

Summary of significant accounting policies

2

As per our report of even date attached:

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
Gulbarga Cement Limited
CIN: U26941KA2007PLC054428

Kaustav Ghose

per Kaustav Ghose
Partner
Membership number: 057828
Place: Bengaluru
Date: February 09, 2017



Jamshed Naval Cooper

Chairman
DIN - 01527371

Juan-Francisco Defalque

Director
DIN - 07318811

Kevin Gerard Gluskie

Director
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S. Sundaram

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R. Ramakrishnan
Director
DIN - 00680202

Akila Krishnakumar

Akila Krishnakumar
Director
DIN - 06629992

K. Varaprasad

K. Varaprasad
Chief Financial Officer

L.R. Neelakanta

L.R. Neelakanta
Company Secretary

Place: Gurgaon
Date: February 09, 2017



Gulbarga Cement Limited

Notes to financial statements for the year ended December 31, 2016

Indian rupees (INR) in lakhs, unless otherwise stated

1 – Corporate Information

Gulbarga Cement Limited (“the Company”) was incorporated on 23 September 2007 to set up a cement plant in Gulbarga, Karnataka. The Company was initially promoted by Chambal Infrastructures Venture Limited. Subsequently, Zuari Global Limited (“hereinafter ZGL”) acquired 100% stake in the Company from Chambal Infrastructures Venture Limited. The Company then entered into Shareholders’ agreement with ZGL and Zuari Cement Limited (“hereinafter ZCL”) dated 31 August 2011. As per the Company’s Article of Association, ZCL has right to appoint all directors in the board of the Company, hence on account of ZCL’s right to control the composition of the Company’s board, ZCL is the Holding Company (“the Holding Company”) under Section 2(47) of Companies Act 1956 / Section 2(87) of Companies Act 2013.

During the year Heidelberg Cement has completed the acquisition of Italcementi from Italmobiliare and become the ultimate holding company. The Company has not commenced commercial production as of 31 December 2016.

2 – Significant accounting policies

a. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

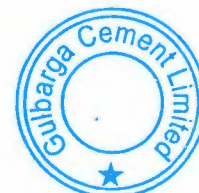
b. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

c. Tangible fixed assets

Tangible fixed assets, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.



Gulbarga Cement Limited

Notes to financial statements for the year ended December 31, 2016

Indian rupees (INR) in lakhs, unless otherwise stated

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset

Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of profit and loss.

d. Depreciation on tangible and intangible fixed assets

Depreciation is provided on the straight-line method over the estimated useful lives of fixed assets. The useful life of assets are based on internal assessment and independent technical evaluation carried out by internal valuers. The management believes that the useful lives as given below best represent the period over which the management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013:

Asset category	Estimated useful life (in years)
Furniture and fittings	5
Office equipment	3
Computer hardware	3
Plant and machinery	3

Computer software is depreciated over the license period or its estimated useful life of 3 years whichever is shorter.

Mining license is amortised over the period of lease.

Prorated depreciation is provided on all assets purchased or sold during the year. Assets, costing individually Rs 5,000 or less are depreciated at 100%.

e. Impairment of fixed assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.



Gulbarga Cement Limited

Notes to financial statements for the year ended December 31, 2016

Indian rupees (INR) in lakhs, unless otherwise stated

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

f. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

g. Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

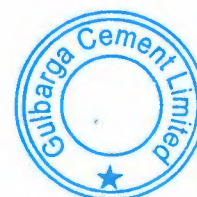
h. Operating leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

i. Foreign exchange translations

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.



Gulbarga Cement Limited

Notes to financial statements for the year ended December 31, 2016

Indian rupees (INR) in lakhs, unless otherwise stated

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences

Exchange difference arising on settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise .

j. Retirement and other employee benefits

a. Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

b. Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to a Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

(ii) Defined benefit scheme

Gratuity is not applicable to the Company as number of employees are less than ten throughout the year.

(iii) Compensated absences

The employees are entitled to compensate absences. The employees can carry forward a portion of unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the Statement of Profit and Loss.



Gulbarga Cement Limited

Notes to financial statements for the year ended December 31, 2016

Indian rupees (INR) in lakhs, unless otherwise stated

k. Income Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority

l. Provisions

A provision is recognized when the company has a present obligation as a result of 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement



Gulbarga Cement Limited

Notes to financial statements for the year ended December 31, 2016

Indian rupees (INR) in lakhs, unless otherwise stated

m. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements

n. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting 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 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.

o. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

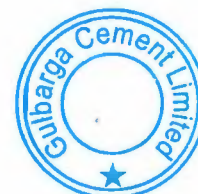
On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

p. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.



Gulbarga Cement Limited
Notes to financial statements for the year ended 31 December 2016
Indian rupees (INR) in lakhs, unless otherwise stated

3. Share capital

	31 December 2016	31 December 2015
Authorised shares		
Equity shares of INR 10 each		
10,80,00,000 (previous year: 10,80,00,000) equity shares of INR 10 each	10,800.00	10,800.00
Issued, subscribed and fully paid up		
Equity shares of INR 10 each		
10,48,80,532 (previous year: 10,48,80,532) equity shares of INR 10 each	10,488.05	10,488.05

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

	31 December 2016		31 December 2015	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	104,880,532	10,488.05	80,225,700	8,022.57
Add: Issued during the year	-	-	24,654,832	2,465.48
At the end of the year	104,880,532	10,488.05	104,880,532	10,488.05

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. All equity shares rank equally with regard to dividend. The equity shares are entitled to receive dividend as declared from time to time.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Equity shares held by holding / ultimate holding company and / or their subsidiaries / associates is given below:

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries / associates are as below:

	31 December 2016	31 December 2015
Name of the shareholder		
Equity shares of INR 10 each fully paid up held by		
a) Zuari Cement Limited [2,24,96,691 (previous year: 2,24,96,691) equity shares of INR 10 each fully paid]	2,249.67	2,249.67
b) Compagnie Pour L'Investissement Financier En Inde [8,23,83,841 (previous year: 8,23,83,841) equity shares of INR 10 each fully paid]	8,238.38	8,238.38
	10,488.05	10,488.05

(d) Details of shareholders holding more than 5% shares in the Company

	31 December 2016		31 December 2015	
	Number of shares	% of holding	Number of shares	% of holding
Name of the shareholder				
Equity shares of INR 10 each fully paid up held by				
Zuari Cement Limited	22,496,691	21.45%	22,496,691	21.45%
Compagnie Pour L'Investissement Financier En Inde	82,383,841	78.55%	82,383,841	78.55%
	104,880,532	100.00%	104,880,532	100.00%

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4. Reserves and surplus

	31 December 2016	31 December 2015
Securities premium account		
Balance as per the last financial statements	29,445.70	26,911.19
Add: Premium on issue of equity shares	-	2,534.51
Closing balance	29,445.70	29,445.70
Surplus / (deficit) in the statement of profit and loss		
Balance as per the last financial statements	(3,071.13)	(2,381.98)
Add: Loss for the year	(782.94)	(689.15)
Closing balance	(3,854.07)	(3,071.13)
Total reserves and surplus	25,591.63	26,374.57



Gulbarga Cement Limited
Notes to financial statements for the year ended 31 December 2016
Indian rupees (INR) in lakhs, unless otherwise stated

5. Long-term borrowings

	Current maturities		Non-current portion	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Unsecured borrowings				
Term loans from related party (refer note 25): Zuari Cement Limited	-	734.45	6,848.69	6,114.24
Amount disclosed under the head "other current liabilities" (refer note 7)	-	(734.45)	-	-
Net amount			6,848.69	6,114.24

Detail of repayment terms and interest:

Term loan from Zuari Cement Limited was taken during the financial year 2011 (INR 4406.60 lakhs) and 2012 (INR 2442.00 lakhs) and carries an interest at State Bank of India base rate plus 1% per annum. The loan is repayable in 12 equal quarterly instalments along with interest from expiry of 5 years from the date of loan.

During the current year it was mutually agreed between the parties for deferment in repayment of loan along with interest accrued for period of 5 years. The other terms and conditions relating to the loan agreement remains the same. Hence as per the revised terms and conditions the loan is repayable in 12 quarterly instalments along with interest accrued from expiry of 10 years from the date of loan.

6. Other-long term liabilities

	31 December 2016	31 December 2015
Others		
Interest accrued but not due on borrowings (refer note 25)	3,360.95	2,416.49

7. Other current liabilities

	31 December 2016	31 December 2015
Dues to related parties (refer note 25)		
Zuari Cement Limited	-	145.81
CTG SPA	32.86	33.26
Singha Cement Private Limited	0.61	-
Interest payable to Zuari Cement Limited	-	309.60
Current maturities of long-term borrowings (refer note 5)	-	734.45
	33.47	1,223.12
Others		
Capital creditors	24.74	35.71
Employee related liabilities	9.42	15.04
Accrued expenses	3.93	14.92
Statutory liabilities	9.63	48.83
	47.72	114.50
	81.19	1,337.62

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Gulbarga Cement Limited
Notes to financial statements for the year ended 31 December 2016
Indian rupees (INR) in lakhs, unless otherwise stated

8. Tangible assets

	Plant and equipment	Furniture and fittings	Office equipment	Computer hardware	Total
Gross block					
As at 1 January 2015	2.51	5.11	3.50	2.07	13.19
Additions	0.46	-	-	0.70	1.16
As at 31 December 2015	2.97	5.11	3.50	2.77	14.35
Additions	-	32.55	0.08	-	32.63
Disposals	-	-	-	-	-
As at 31 December 2016	2.97	37.66	3.58	2.77	46.98
Depreciation					
As at 1 January 2015	1.99	3.96	3.34	1.49	10.78
Charge for the year	0.41	0.27	-	0.80	1.48
Disposals	-	-	-	-	-
As at 31 December 2015	2.40	4.23	3.34	2.29	12.26
Charge for the year	0.06	3.68	0.15	0.06	3.95
Disposals	-	-	-	-	-
As at 31 December 2016	2.46	7.91	3.49	2.35	16.21
Net block					
As at 31 December 2015	0.57	0.88	0.16	0.48	2.09
As at 31 December 2016	0.51	29.75	0.09	0.42	30.77

9. Intangible assets

	Computer software	Mining license	Total
Gross block			
As at 1 January 2015	3.56	724.62	728.18
Additions	-	-	-
As at 31 December 2015	3.56	724.62	728.18
Additions	-	-	-
Disposals	-	-	-
As at 31 December 2016	3.56	724.62	728.18
Amortisation			
As at 1 January 2015	3.33	57.97	61.30
Charge for the year	0.23	57.97	58.20
Disposals	-	-	-
As at 31 December 2015	3.56	115.94	119.50
Charge for the year	-	57.97	57.97
Disposals	-	-	-
As at 31 December 2016	3.56	173.91	177.47
Net block			
As at 31 December 2015	-	608.68	608.68
As at 31 December 2016	-	550.71	550.71

Note 1:

The Company has purchased mining license from Chambal Fertilisers and Chemicals Limited and the same is valid till 4 October 2027. Hence, the Company is depreciating the same over its useful life.



Gulbarga Cement Limited
Notes to financial statements for the year ended 31 December 2016
Indian rupees (INR) in lakhs, unless otherwise stated

10. Loans and advances

	Current maturities		Non-current portion	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Unsecured, considered good				
Capital advances #	-	-	24,680.29	24,985.29
Other advances *	733.48	819.93	-	-
Security deposit	-	-	291.17	287.75
Other loans and advances				
Balances with statutory / government authorities	-	-	888.01	844.59
Advance income tax, net of provision for tax			14.05	41.39
Amount paid under protest			96.63	-
Prepaid expenses	3.84	-	-	-
Total	737.32	819.93	25,970.15	26,159.02

Capital advances includes INR 2,45,70.29 lakhs (previous year: INR 24,575.29 lakhs) paid to Karnataka Industrial Area Development Board (KIADB) towards the acquisition of land for its cement plant. Further it includes INR 110.00 lakhs (previous year: INR 410.00 lakhs) paid to KVR Rail Infra Projects Private Limited for acquisition of land for railway sidings.

* Other advances includes INR 733.48 lakhs (previous year: INR 819.93 lakhs) paid to farmers towards acquisition of land for its cement plant. Karnataka Industrial Area Development Board (KIADB) is in the process of collecting the money from the farmers and remitting the same back to the Company.

11. Other assets

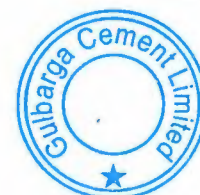
	Current maturities	
	31 December 2016	31 December 2015
Unsecured, considered good		
Others		
Interest accrued but not due on fixed deposits	7.03	4.59

12. Current investments

	31 December 2016	31 December 2015
Valued at lower of cost and fair value		
Investment in mutual funds		
Nil units (previous year: 91,008.41 units) of IDFC cash fund direct plan growth - Fair value Nil (previous year: INR 1,805.00 per unit)	-	1,642.70
Nil units (previous year: 21,741.13 Units) of DHFL pramerica liquid fund - direct plan - growth option - Fair value Nil (previous year: INR 1,586.02 per unit)	-	344.82
	-	1,987.52

13. Cash and bank balances:

	Current maturities	
	31 December 2016	31 December 2015
Cash and cash equivalents		
Cash on hand		
Balances with banks:		
On current accounts	5.68	11.40
Deposits with a original maturity of less than three months	980.00	-
	985.68	11.40
Other bank balances		
Deposits with remaining maturity for less than 12 months	18.03	18.03
	1,003.71	29.43



Gulbarga Cement Limited
Notes to financial statements for the year ended 31 December 2016
Indian rupees (INR) in lakhs, unless otherwise stated

	31 December 2016	31 December 2015
14. Other income		
Interest income on bank deposits	25.84	231.15
Net gain on sale of current investments	74.67	18.69
Exchange differences (net)	0.39	-
	<u>100.90</u>	<u>249.84</u>
15. Finance cost		
Interest on inter-corporate loan	705.41	744.32
Bank charges	0.08	0.18
	<u>705.49</u>	<u>744.50</u>
16. Depreciation and amortisation expense		
Depreciation on tangible assets	3.95	1.48
Amortisation of intangible assets	57.97	58.20
	<u>61.92</u>	<u>59.68</u>
17. Other expense		
Rent	40.12	32.99
Repairs and maintenance - others	20.50	29.57
Directors' sitting fees	20.16	6.00
Legal and professional fees (refer note 18)	8.11	8.81
Rates and taxes	4.69	43.67
Traveling and conveyance	2.24	3.31
Communication expenses	1.22	1.35
Printing and stationery	0.34	0.92
Exchange differences (net)	-	1.44
Miscellaneous expenses	19.05	6.75
	<u>116.43</u>	<u>134.81</u>
18. Payment to auditor (included under legal and professional fees)		
As auditor:		
Audit fee	2.00	2.00
Limited review	-	2.00
Reimbursement of expenses	-	0.08
	<u>2.00</u>	<u>4.08</u>

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Gulbarga Cement Limited
Notes to financial statements for the year ended 31 December 2016
Indian rupees (INR) in lakhs, unless otherwise stated

19. Earnings per share (EPS)

The following reflects the profit / (loss) and share data used in the basic and diluted EPS computation:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Weighted average number of equity shares outstanding at the beginning of the year	104,880,532	80,225,700
Add: Weighted average number of equity	-	23,641,620
Weighted average number of equity shares in calculating Basic/Diluted EPS	<u>104,880,532</u>	<u>103,867,320</u>
Net loss for calculation of Basic / Diluted EPS	(783)	(689)
Basic (INR)	(0.75)	(0.66)
Diluted (INR)	(0.75)	(0.66)

20. Capital commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for is INR 1,872.29 lakhs (previous year: INR 2309.70 lakhs)

21. Expenditure in foreign currency

	<u>31 December 2016</u>	<u>31 December 2015</u>
Consultancy charges	0.66	39.76

22. Leases

The Company has leased office facilities under cancellable lease agreements which can be terminated at the option of either the lessor or the lessee. The total rental expense debited to the statement of profit and loss is INR 49.49 lakhs (previous year: NIL) (refer note 17)

23. Un-hedged foreign currency exposure

	<u>31 December 2016</u>		<u>31 December 2015</u>	
	<u>Amount in foreign currency</u>	<u>Amount in INR</u>	<u>Amount in foreign currency</u>	<u>Amount in INR</u>
Capital creditors				
EUR	0.46	32.86	0.46	33.26
USD	0.01	0.61	-	-

24. Segment reporting

The Company has not commenced its commercial production and hence, information under segmental reporting as per Accounting Standard 17 (Segment Reporting) has not been furnished.

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Gulbarga Cement Limited
Notes to financial statements for the year ended 31 December 2016
Indian rupees (INR) in lakhs, unless otherwise stated

25. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Ultimate holding company : HeidelbergCement AG (with effect from 1 July 2016)
 Italcementi S.p.A (upto 30 June 2016)
 Holding company : Zuari Cement Limited (ZCL)*
 Compagnie Pour L'Investissement Financier En Inde (CIF)^

Related parties with whom transactions have taken place during the year

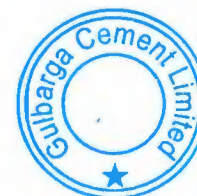
Shareholder / party having common director : Zuari Global Limited (ZGL)
 Party under common control : CTG SPA
 Singha Cement Private Limited

* Zuari Cement Limited (ZCL) is holding company by virtue of composition of Board of Directors

^ Compagnie Pour L'Investissement Financier En Inde (CIF) is holding company by virtue of percentage of share holding

The following table provides the total amount of transactions that have been entered into with related parties for relevant financial year:

Name of related party	Description of the transaction	Transactions during the year		Outstanding at year end-payable / (receivable)	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
ZGL	Transfer of equity shares	-	(1,641.27)	-	-
	Repayment of loan	-	2,406.30	-	-
	Payment of interest	-	736.63	-	-
	Interest accrued on unsecured loan	-	9.79	-	-
ZCL	Unsecured loan taken	-	-	6,848.69	6,848.69
	Interest accrued on unsecured loan	705.41	744.32	3,360.95	2,726.09
	Reimbursements	210.24	280.29	-	145.81
CIF	Issue of equity shares (including premium)	-	5,000.00	-	-
	Transfer of equity shares	-	1,641.27	-	-
CTG SPA	Consultancy charges	-	39.76	32.86	33.26
Singha Cement Private Limited	Consultancy charges	0.66	-	0.61	-



Gulbarga Cement Limited
Notes to financial statements for the year ended 31 December 2016
Indian rupees (INR) in lakhs, unless otherwise stated

26. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Based on information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at 31 December 2016.

27. Capitalisation of expenditure

During the year, the Company has capitalised the following expenses of revenue nature to the capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

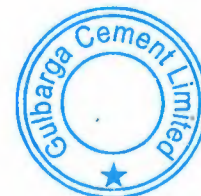
	<u>31 December 2016</u>	<u>31 December 2015</u>
Employee benefits expense	216.18	268.94
Rates and taxes	25.81	0.63
Legal and professional fees	16.23	558.84
Rent	9.37	61.61
Miscellaneous expenses	106.16	108.97
	<u>373.75</u>	<u>998.99</u>

28. Contingent Liabilities

	<u>31 December 2016</u>	<u>31 December 2015</u>
Claims against the Company not acknowledged as debts	193.28	-

29. The Company has not recorded deferred tax asset as at 31 December 2016 on tax losses as presently there is no evidence of virtual certainty available to absorb such losses in near future.

30. As per the mining lease extension letter dated 23 June 2014 written by the Department of Mines and Geology, the Company was required to commence the mining operations by 18 October 2014. The Company has extracted a certain quantity of limestone in the month of February 2016 for which royalty has been paid as per the rates determined in the Official Gazette. For the months wherein no mining activity is performed, the Company has paid "dead rent" at the rates given in the Official Gazette. The amount of dead rent paid is included in rent (refer note 17) in the statement of profit and loss. Further, the Company has been filing monthly return with Regional Controller of Mines. In view of the aforesaid, the Company's management believes that the Company is in compliance with the applicable laws and regulations relating to mining operations.



Gulbarga Cement Limited
Notes to financial statements for the year ended 31 December 2016
Indian rupees (INR) in lakhs, unless otherwise stated

31. The financial statement as at and for the year ended 31 December 2015 were audited by another firm of Chartered Accountants and have been regrouped / reclassified wherever necessary to conform with current year classification.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
Gulbarga Cement Limited
CIN: U26941KA2007PLC054428

Kaustav Ghose

per Kaustav Ghose
Partner
Membership number: 057828
Place: Bengaluru
Date: February 09, 2017



Jamshed Naval Cooper
Jamshed Naval Cooper
Chairman
DIN - 01527371

Juan-Francisco Defalque
Juan-Francisco Defalque
Director
DIN - 07318811

Kevin Gerard Gluskie
Kevin Gerard Gluskie
Director
DIN - 07413549

S. Sundaram
S. Sundaram
Director
DIN - 07103135

R. Ramakrishnan
R. Ramakrishnan
Director
DIN - 00680202

Akila Krishnakumar
Akila Krishnakumar
Director
DIN - 06629992

K. Varaprasad
K. Varaprasad
Chief Financial Officer

L.R. Neelakanta
L.R. Neelakanta
Company Secretary

Place: Gurgaon
Date: February 09, 2017



