**Deloitte Haskins & Sells**

Chartered Accountants
13th & 14th Floor
Building - Omega
Bengal Intelligent Park
Block - EP & GP, Sector - V
Salt Lake Electronics Complex
Kolkata - 700 091
West Bengal, India

Tel: +91 33 6612 1000
Fax: +91 33 6612 1001

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Kesoram Industries Limited
### Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of **Kesoram Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| 1 | **Impairment assessment of investment in and Loans and Advances to wholly owned subsidiary (Cygnet Industries Limited)**<br><br>The Company's wholly owned subsidiary (Cygnet Industries Limited) involved in the business of manufacturing Rayon and Transparent paper, is not performing well due to adverse business conditions. As on March 31, 2022 the Company has an investment of Rs. 926.54 crores and outstanding loans of Rs. 154.46 crores in the said subsidiary and has recognised impairment loss on investment of Rs. 154.25 Crore during the year ended 31 March 2022 (Cumulative impairment loss recognised as on 31 March 2022 amounts to Rs. 620.32 Crores).<br><br>The management at each reporting date assesses if there are any indicators that the investments in and loans to the subsidiary is impaired and, if indicators exist, performs an impairment test on these investments and loans by making an estimate of recoverable amount, being the higher of fair value less costs to sell and value in use. The recoverable amount of the investment in and loan to subsidiary is assessed based on complex assumptions that require the management to exercise their judgment such as future expected revenue, future expected revenue growth rate, EBIDTA (earnings before interest, depreciation and tax) margins, future cash flow, determination of historical trends, the most appropriate discount rate.<br><br>We focused on this area due to significant carrying amount of the investment and loan to subsidiary and the significant management judgement and estimates involved in evaluation of recoverable amount. | **Principal audit procedures performed**<br><br>Our audit procedures, included validating the appropriateness of the impairment model and reasonableness of the assumptions used, focusing in particular on the business projections of Cygnet Industries Limited through the following procedures:<br><br>• Obtained an understanding of controls performed by the management to assess impairment indicators and perform impairment assessment.<br><br>• Evaluated Design and Operating Effectiveness of the management controls over the impairment assessment process and preparation of impairment workings.<br><br>• Benchmarked key market-related assumptions in the models, including discount rates and long-term growth rates, against external data, using our valuation specialists.<br><br>• Involved our fair value specialists to assist in the evaluation of the appropriateness of the model for calculating value in use and reasonableness of significant assumptions like discount rate and industry specific long-term growth rates.<br><br>• Tested the mathematical accuracy and performed sensitivity analysis in order to assess the potential impact of changes in the inputs used on the recoverable amount.<br><br>• Performed a detailed analysis of the revenue and cost projections and various assumptions relating to revenue growth for assessing the reliability of cash flow forecast, compared the revenues projections, EBIDTA (earnings before interest, depreciation and tax) margins and coherence the forecast with market trend through a review of actual past performance and comparison to |

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| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| | Refer note 5 "Investments in subsidiary and joint venture" and 7 "Loans" of the Standalone Financial Statements | previous forecasts to understand the appropriateness of the management estimates.<br><br>• Evaluated the adequacy of disclosures in the financial statements with respect to the assumptions and checked whether they were appropriately presented. |
| 2 | **Recoverability of deferred tax assets (DTA) recognized on carry-forwards tax losses, unabsorbed depreciation and provision for loans and advances**<br><br>The Company has recognised Rs. 272.45 Crores as DTA, as at 31 March, 2022, relating to carry-forwards tax losses, unabsorbed depreciation, provision for doubtful loans and advances and capital losses.<br><br>The Company exercises significant judgement in assessing the recoverability of DTA relating to these items. In estimating the recoverability of DTA, management uses inputs such as internal business and tax projections over a 10 year period.<br><br>Recoverability of DTA on carry-forwards tax losses, unabsorbed depreciation and provision for loans and advances is sensitive to the assumptions used by management in projecting the future taxable income, the reversal of deferred tax liabilities which can be scheduled, and tax planning strategies.<br><br>Refer note 2.12 "Taxes on Income" for accounting policies, note 2.19 in "Use of estimates & critical accounting judgements" related to taxes, note 18 "Deferred Tax Assets/ Liabilities" and note 30 "Income tax expenses" for disclosures related to | **Principal audit procedures performed**<br><br>• We obtained an understanding of controls performed by the management to assess the recoverability of the DTA relating to carry-forwards tax losses, unabsorbed depreciation and provision for loans and advances.<br><br>• We evaluated Design and Operating Effectiveness of the management controls over the process for determining the recoverability of the DTA relating to carry-forwards tax losses, unabsorbed depreciation and provision for loans and advances which included amongst others controls over the assumptions and judgments used in the projections of future taxable income.<br><br>• To assess the Company's ability to estimate future taxable income, we compared the Company's previous forecasts to actual results.<br><br>• We involved our tax professionals with specialized skills and knowledge to assist in evaluating taxation related matters including the Company's tax planning strategies and interpretation of tax laws.<br><br>• We performed a sensitivity analysis over the key assumptions to assess their impact on the Company's determination that the DTA relating to carry-forwards tax losses, unabsorbed depreciation and provision for loans and advances. |

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| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| | taxes of the Standalone Financial Statements. | • We evaluated the adequacy of disclosures in the financial statements related to Deferred tax in notes 2.12, 2.19, 18 and 30 respectively of the standalone financial statements. |

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Reports of Director and the following Annexures thereto (namely Management Discussion and Analysis, Report of Corporate Governance, Annual Report on Corporate Social Responsibility Activities, Form AOC-1, Conservation of Energy, Technology Absorption and Exchange Earnings and Outgo) but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

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

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

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

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

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

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

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management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibility for the Audit of the Standalone Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider

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quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d. In our opinion, the aforesaid standalone financial statements comply with the I nd AS specified under Section 133 of the Act.

    e. On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 standalone 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, except the amount pertaining to Unpaid dividend of Rs. 0.02 crores and the related equity shares which has not been transferred. Based on the information and records available with the Company, all these relates to the disputed matters with several shareholders.

iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

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2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 302009E)

**Abhijit Bandyopadhyay**
(Partner)
(Membership No. 054785)
UDIN: 22054785AGTZZV3840

Place: Kolkata
Date: 11 April 2022

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting 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 KESORAM INDUSTRIES LIMITED ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective 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 of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 Company's internal financial controls system over financial reporting.

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**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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the respective 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 **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 302009E)

**Abhijit Bandyopadhyay**
(Partner)
(Membership No. 054785)
UDIN: 22054785AGTZZV3840

Place: Kolkata
Date: 11 April 2022

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and capital work-in-progress.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) Some of the Property, Plant and Equipment and capital work-in-progress were physically verified during the year by the Management in accordance with a program of verification, which in our opinion provides for physical verification of all the Property, Plant and Equipment and capital work-in-progress at reasonable intervals having regard to the size of the Company and the nature of its activities. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed, transfer deed, conveyance deed, mutation of title papers, provided to us, we report that, the title deeds of all the immovable properties of land and buildings (other than the properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in Property, Plant and Equipment and capital work-in-progress, are held in the name of the Company as at balance sheet date.

Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders / custodian (Debenture Trustee).

(d) According to the information and explanations given to us, the Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year.

(e) To the best of our knowledge and according to the information and explanations given to us, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder

(ii) (a) The inventories, except for goods-in-transit and stock lying with third parties, were physically verified by the management at reasonable intervals during the year. In our opinion and based on the information and explanation given to us, the coverage and procedure of such verification by Management is appropriate

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having regard to the size of the Company and nature of its operations. For stocks held with third parties at the year-end, written confirmations have been obtained and in respect of goods in transit, the goods have been received subsequent to the year-end or confirmations have been obtained from the parties. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories / alternate procedures performed as applicable, when compared with books of accounts.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable except for non-fund based limit, bank guarantee received against lien on fixed deposit, for which no stock statement is required to be submitted

(iii)(a) The Company has provided loans during the year and the outstanding balance of loans as at March 31, 2022 are given below:

| | Loan (in Rs. Crores) |
|---|---|
| A. Aggregate amount granted / provided during the year | |
| - Subsidiary | 9.54 |
| - Joint Venture | - |
| - Others ** | - |
| B. Balance outstanding as at balance sheet date in respect of above cases* | |
| - Subsidiary | 154.46 |
| - Joint Venture@ | 7.11 |
| - Others# | 525.97 |

*The amounts reported are gross amounts including accrued interest (wherever applicable), without considering provision made.
@Loan of Rs. 7.11 Crores given to Joint Venture (Gondkhari Coal Mining Limited) has been fully provided for in the books.
#Includes loan of Rs. 493.22 Crores given to Birla Tyres Limited which has been fully provided for in the books.
**The Company has accrued interest on the Loan of Rs. 26.45 crores which has been provided for on prudent basis as the loan is already impaired. This amount has not been reported above.

The Company has not provided any guarantee or security to any other entity during the year.

(b) In our opinion the terms and conditions of the loans granted by the Company to Birla Tyres Limited with a maximum amount of Rs. 519.67 Crores outstanding (including accrued interest) as on March 31, 2022 and to Gondkhari Coal Mining Limited (a Joint Venture) with a maximum amount of Rs. 7.11 crore outstanding as on March 31, 2022, are prejudicial to the interest of the Company's interest on account of the fact that the loans were fully provided for in the books and no interest is being charged on loan to Gondkhari Coal Mining Limited.

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Further, in our opinion the terms and conditions of the loans granted by the Company to Cygnet Industries Limited (a wholly owned subsidiary) of Rs. 9.54 Crores during the year with a maximum amount of Rs. 154.46 Crores outstanding as on March 31, 2022 and to Manglam Timber Products Limited with a maximum amount of Rs. 6.30 Crores outstanding as on March 31, 2022, in our opinion, are not prejudicial to the Company's interest.

(c) The Company has granted loans to Cygnet Industries Limited (a wholly owned subsidiary) and Manglam Timber Products Limited, which are payable on demand. During the year the Company has not demanded such loan. Having regard to the fact that the repayment of principal or payment of interest has not been demanded by the Company, in our opinion the repayments of principal amounts and receipts of interest are regular. (Refer reporting under clause (iii)(f) below). Further, in respect of loans granted by the Company to Birla Tyres Limited including accrued interest of Rs. 519.67 Crores and Gondkhari Coal Mining Limited (a Joint Venture) of Rs. 7.11 Crores are fully provided for in the books and no interest is being charged on loan to Gondkhari Coal Mining Limited. (Refer reporting under clause (iii)(f) below).

(d) In respect of loans granted, since the Company has granted loans which are payable on demand and during the year the Company has not demanded such loan and interest in the case of Cygnet Industries Limited (a wholly owned Subsidiary Company) of Rs. 154.46 Crores and Mangalam Timber Products Limited of Rs. 6.30 Crores, there are no amounts overdue for more than 90 days as at the balance sheet date.
Further, in respect of loans granted by the Company to Birla Tyres Limited of Rs. 519.67 crores and Gondkhari Coal Mining Limited (a Joint Venture) of Rs. 7.11 Crores is fully provided for in the books as at the balance sheet date. (Refer reporting under clause (iii)(f) below).

(e) No loans granted by the Company have fallen due during the year since as stated in clause (d) above loans are payable on demand and during the year the Company has not demanded such loan and interest in the case of Cygnet Industries Limited (a Subsidiary Company) of Rs. 154.46 Crores and Mangalam Timber Products Limited of Rs. 6.30 Crores.
Further, in respect to loan granted by the Company to Birla Tyres Limited of Rs. 519.67 Crores and Gondkhari Coal Mining Limited (a Joint Venture) of Rs. 7.11 Crores are fully provided for in the books as at the balance sheet date. (Refer reporting under clause (iii)(f) below).

(f) The Company has granted loans which are repayable on demand or without specifying any terms or period of repayment details of which are given below:

| | All Parties-Including Related Party* (in Rs. Crores) | Promoters (in Rs. Crores) | Related Parties (in Rs. Crores) |
|---|---|---|---|
| Aggregate of loans | | | |
| - Repayable on demand (A) # | 680.43 | Nil | 154.46 |

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| | | | |
|---|---|---|---|
| - Agreement does not specify any terms or period@ | 7.11 | Nil | 7.11 |
| Total (A+B) | 687.54 | Nil | 161.57 |
| Percentage of loans to the total loans | 100% | 0% | 100% |

*The amounts reported are gross amounts including interest accrued (wherever applicable), without considering provision made.
@Loan of Rs. 7.11 Crores given to Joint Venture (Gondkhari Coal Mining Limited) has been fully provided for in the books.
#Includes loan of Rs. 493.22 crores given to Birla Tyres Limited which has been fully provided for in the books

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees, and securities provided, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit or amount which are deemed to be deposit. Hence reporting under clause (v) of the order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

(a) Undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Customs, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities expect for delays in respect of remittance of interest on Goods and service tax relating to earlier years.

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, duty of Customs, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable except for interest on Goods and Service Tax the details of which are given below:

Deloitte Haskins & Sells
Chartered Accountants

| Name of the Statute | Nature of Dues | Amount (Rs. in Crores) | Period to which the amount relates | Due date | Date of Payment |
|---|---|---|---|---|---|
| The Central, State and Integrated Goods and Service Tax Act, 2017 | Interest on unpaid amount of goods and service tax | 0.01 | 2019-20 | Not Applicable | Not paid till the date |
| The Central, State and Integrated Goods and Service Tax Act, 2017 | Interest on unpaid amount of goods and service tax | 0.70 | 2020-21 | Not Applicable | Not paid till the date |

(b) Details of statutory dues referred to in sub clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

| Name of the Statute | Nature of Dues | Forum where dispute is pending | Period | Amount (Rs. in Crores) | Amount Deposited (Rs. In Crores |
|---|---|---|---|---|---|
| Andhra Pradesh VAT Act | Sales Tax | High Court | 2006 – 2010 | 0.54 | 0.22 |
| The CGST Act, 2017 | Education & High Education Cess | High Court | 2017 | 0.09 | - |
| Central Excise Act, 1944 | Central Excise | High Court | 2010 | 0.08 | - |
| Central Sales Tax Act, 1956 | Sales Tax | The Appellate DY. Commissioner (CT), | 2015-16 | 0.15 | 0.09 |
| Central Excise Act, 1944 | Central Excise | High Court | 1994, 2010 & 2017 | 0.12 | - |
| Central Excise Act, 1944 | Central Excise | Addl. Commissioner of Central Excise | 2005-2007 | 0.38 | - |
| Central Excise Act, 1944 | Central Excise | CESTAT | 1974-75, 1997-98, 1999-2000, 2000-2004, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 & 2011-12. | 10.35 | 0.85 |
| Central Sales Tax Act, 1956 | Sales Tax | CESTAT | 2016-17 | 0.06 | 0.01 |

Deloitte Haskins & Sells Chartered Accountants

| Name of the Statute | Nature of Dues | Forum where dispute is pending | Period | Amount (Rs. in Crores) | Amount Deposited (Rs. In Crores |
|---|---|---|---|---|---|
| Central Sales Tax Act, 1956 | Sales Tax | High Court | 2001-02, 2003-04 | 0.18 | 0.47 |
| Central Excise Act, 1944 | Central Excise | Central Excise & Service Tax Appellate Tribunal, Bangalore | 2006-07 and 2009-10 | 0.06 | - |
| Finance Act, 1994 | Service Tax | Central Excise & Service Tax Appellate Tribunal, Bangalore | 2005-06 and 2016-17 | 45.67 | 3.7 |
| Goods and Service Tax Act | Interest on unpaid amount of goods and service tax and penalty | Commissioner (Appeals) | 2018-19, 2019-20. 2020-21 | 70.08 | 13.07 |
| Andhra Pradesh General Sales Tax Act, 1957 | Sales Tax | Tribunal | 2003-04 | 0.11 | 0.02 |
| Bombay Sales Tax Act | Sales Tax | Deputy Commissioner of Sales Tax (Appeals), Amravati Division | 2003-05 | 0.32 | 0.05 |
| Central Excise Act, 1944 | Central Excise | Superintendent of Central Excise | 1979-81, 1980-81, 1982-83, 1992-93, 1995-96, 1996-97, 1997-98, 1999-00, 2001-02, 2002-03, 2004-05, 2005-06, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 | 0.45 | 0.03 |
| Central Excise Act, 1944 | Central Excise | Commissioner | 1985-90, 1995-1996, 1999-2000, 2000 to 2001, 2002-03, 2003 - 2005, 2010-11 and 2012-13 | 0.71 | 0.02 |
| Central Excise Act, 1944 | Central Excise | Assistant Commissioner | 1986-89, 1991-94, 1995-96, 1996-97, 1998-99, 1999-10, 2002-03, 2003-04, 2004-05, | 4.73 | - |

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| Name of the Statute | Nature of Dues | Forum where dispute is pending | Period | Amount (Rs. in Crores) | Amount Deposited (Rs. In Crores |
|---|---|---|---|---|---|
| | | | 2005-06 and 2016-17 | | |
| Finance Act, 1994 | Service Tax | Superintendent of Central Excise | 2013-14 and 2014-15 | 0.11 | - |
| Tamil Nadu General Sales Tax Act, 1959 | Sales Tax | High Court | 1999-2000 | 0.18 | - |
| West Bengal VAT Act, 2003 | Sales Tax | West Bengal Appellate & Revisional Board | 2004-05, 2006-07, 2007-08, 2008-09, 2009-10 | 1.95 | - |
| Central Excise Act, 1944 | Central Excise | Commissioner (Appeals) | 1998, 2002-03, 2003-07, 2007-11 | 1.44 | 0.02 |
| Central Excise Act, 1944 | Central Excise | Deputy Commissioner | 2004 | 0.03 | - |
| West Bengal Sales Tax Act,1994 | Sales Tax | West Bengal Taxation Tribunal | 1998-99 | 0.99 | 0.06 |
| West Bengal VAT Act, 2003 | Sales Tax | West Bengal Taxation Tribunal | 2006-07 & 2010-11 | 0.17 | 0.00* |
| Central Sales Tax Act, 1956 | Sales Tax | West Bengal Appellate & Revisional Board | 2004-05, 2005-06, 2006-07, 2007-08, 2009-10, 2010-11 | 6.17 | - |
| Central Excise Act, 1944 | Central Excise | Additional Commissioner | 2005-10 | 0.11 | - |
| Customs Act, 1962 | Customs Duty | Supreme Court | 2012-13 | - | 1.06 |
| Electricity Duty Act, 1939 | Electricity Duty | Supreme Court | 2003-13 | 23.11 | - |
| Motor Vehicle Act, 1988 | Motor Vehicle | High Court | 2012 | 0.64 | - |
| Andhra Pradesh Forest Act, 1967 | Permit Fees | High Court | 2009-19 & 2020-21 | 8.51 | - |
| Andhra Pradesh Entry tax | Entry Tax | High Court | 2007-09 | 0.41 | 0.05 |
| Employee State Insurance Act, 1948 | Employee State Insurance | Dy. Director, ESI Corporation Gulbarga | 1995-98 | 0.22 | - |
| The Karnataka Electricity Act, 1999 | Power | Karnataka Electricity Regulatory Commission (KERC) | 2015-16 | 6.25 | - |
| Forest Land Permit Tax 2010-11 | Permit Tax | High Court | 2009 and 2011 | 3.67 | - |

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| Name of the Statute | Nature of Dues | Forum where dispute is pending | Period | Amount (Rs. in Crores) | Amount Deposited (Rs. In Crores |
|---|---|---|---|---|---|
| Environment Protection Fees Order | Environment protection fee | Karnataka High Court | 2009-10 and 2010-11 | 4.03 | 4.03 |
| Tamil Nadu Municipal Corporation Act, 1920 | Municipal Corporation Tax | District Court | 2002-03 to 2017-18 | 8.37 | - |
| Investor Education and Protection Fund | Unpaid Dividend | IEPF Authority | 1995 to 2013 | 0.02 | - |

* The amount is below the rounding off norm adopted by the company.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix)(a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilized term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary or joint venture.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary or joint venture.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause x(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

Deloitte Haskins & Sells Chartered Accountants

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and up to the date of this report.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period up to March 31, 2022.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of its holding company, subsidiary company, or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) (c) and (d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

Deloitte Haskins & Sells
Chartered Accountants

(xx) The Company has, at aggregate level, net losses during the immediately preceding three financial years and hence it is not required to spend any money under sub-section (5) of section 135 of the Act. Accordingly, reporting under clause (xx) of the Order is not applicable to the Company for the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 302009E)

**Abhijit Bandyopadhyay**
(Partner)
(Membership No. 054785)
UDIN: 22054785AGTZZV3840

Place: Kolkata
Date: 11 April 2022

**Kesoram Industries Limited**
**Balance Sheet as at 31st March,2022**

**(All amounts in Rupees crores, unless otherwise stated)**

| Particulars | Notes | 31-Mar-22 | 31-Mar-21 |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Non-current assets** | | | |
| (a) Property, plant and equipment | 3 | 1,511.77 | 1,567.05 |
| (b) Right of use Assets | 4 | 31.12 | 31.07 |
| (c) Capital work-in-progress | 4A | 28.21 | 14.63 |
| (d) Investments in subsidiary and joint venture | 5 | 306.22 | 460.47 |
| (e) Financial assets | | | |
| (i) Investments | 6 | 73.83 | 77.41 |
| (ii) Loans | 7 | 154.46 | 131.20 |
| (iii) Other financial assets | 8 | 10.13 | 3.18 |
| (f) Income tax asset (net) | | 4.91 | 6.99 |
| (g) Deferred tax assets (net) | 18 | 272.45 | 261.63 |
| (h) Other non-current assets | 9 | 13.80 | 5.39 |
| **Total non-current assets** | | **2,406.90** | **2,559.02** |
| **(2) Current assets** | | | |
| (a) Inventories | 10 | 141.44 | 101.50 |
| (b) Financial assets | | | |
| (i) Trade receivables | 11 | 316.71 | 274.96 |
| (ii) Cash and cash equivalents | 12 | 118.97 | 90.95 |
| (iii) Other bank balances | 13 | 57.21 | 14.49 |
| (iv) Loans | 7 | 6.80 | 6.72 |
| (v) Other financial assets | 8 | 22.48 | 13.20 |
| (c) Other current assets | 9 | 155.30 | 52.17 |
| **Total current assets** | | **818.91** | **554.00** |
| **Total assets** | | **3,225.81** | **3,113.02** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 14 (a) | 244.41 | 164.81 |
| (b) Share application money pending allotment | 14 (b) | 1.06 | - |
| (c) Other equity | 14 (b) | 360.81 | 182.35 |
| **Total equity** | | **606.28** | **347.16** |
| **Liabilities** | | | |
| **(1) Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 15 | 1,554.23 | 1,774.02 |
| (ii) Lease Liabilities | 35 | 1.48 | 5.31 |
| (iii) Other financial liabilities | 16 | 87.21 | 74.27 |
| (b) Provisions | 17 | 24.46 | 23.10 |
| (c) Other Non-current liabilities | 19 | 0.41 | 0.37 |
| **Total non-current liabilities** | | **1,667.79** | **1,877.07** |
| **(2) Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 15 | 142.29 | 58.58 |
| (ii) Lease Liabilities | 35 | 5.18 | 11.41 |
| (iii) Trade payables | 20 | | |
| Total outstanding dues of micro enterprises and small | | 19.86 | 15.70 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 510.10 | 515.78 |
| (iv) Other financial liabilities | 16 | 56.00 | 36.27 |
| (b) Provisions | 17 | 17.12 | 33.49 |
| (c) Income tax liabilities (net) | | 0.20 | 0.20 |
| (d) Other current liabilities | 19 | 200.99 | 217.36 |
| **Total current liabilities** | | **951.74** | **888.79** |
| **Total liabilities** | | **2,619.53** | **2,765.86** |
| **Total equity and liabilities** | | **3,225.81** | **3,113.02** |
| **Notes forming part of the Financial Statements** | 1 - 45 | | |

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

**Abhijit Bandyopadhyay**
Partner

Place: Kolkata
Date : 11th April, 2022

For and on behalf of the Board of Directors

**Manjushree Khaitan**
*Chairman*

**Suresh Sharma**
*Chief Financial Officer*

**P Radhakrishnan**
*Whole-time Director & CEO*

**Raghuram Nath**
*Company Secretary*

Deloitte Haskins & Sells Chartered Accountants

KESORAM INDUSTRIES LTD. Kol-1

**Kesoram Industries Limited**
**Statement of Profit and Loss for the year ended 31 March 2022**

(All amounts in Rupees crores, unless otherwise stated)

| | Particulars | Note No. | 2021-2022 | 2020-2021 |
|---|---|---|---|---|
| I | Revenue from operations | 21 | 3,539.56 | 2,415.21 |
| II | Other income | 22 | 38.15 | 102.22 |
| III | **Total Income (I+II)** | | 3,577.71 | 2,517.43 |
| IV | **Expenses:** | | | |
| | (a) Cost of materials consumed | 23 | 361.06 | 237.83 |
| | (b) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 24 | (19.18) | 26.51 |
| | (c) Power & Fuel | | 1,125.64 | 602.22 |
| | (d) Packing, Carriage and Shipping | | 1,062.74 | 807.23 |
| | (e) Employee benefit expense | 25 | 148.32 | 141.23 |
| | (f) Depreciation and amortisation expense | 26 | 90.73 | 96.21 |
| | (g) Finance costs | 27 | 481.70 | 245.81 |
| | (h) Other expenses | 28 | 312.33 | 205.67 |
| | **Total Expenses** | | 3,563.34 | 2,362.71 |
| V | **Profit before exceptional items and tax (III-IV)** | | 14.37 | 154.72 |
| VI | **Exceptional Items** | 29 | (154.25) | (294.83) |
| VII | **Profit/(Loss) before tax (V+VI)** | | (139.88) | (140.11) |
| VIII | **Tax expense:** | | | |
| | (1) Current tax charge / (credit) (in respect of earlier year) | | - | (43.87) |
| | (2) Deferred tax charge / (credit) | 30 | (9.87) | (263.18) |
| | **Total tax expense** | | (9.87) | (307.05) |
| IX | **Profit/(Loss) for the year (VII-VIII)** | | (130.01) | 166.94 |
| X | **Other Comprehensive Income** | | | |
| | **Items that will not be reclassified to Profit or Loss (net)** | | | |
| | Remeasurement of post-employment benefit plans | | 3.59 | 2.09 |
| | Fair value changes of investments in equity shares | | (3.58) | 7.90 |
| | Tax relating to items that will not be reclassified to the statement of Profit and Loss | | 0.96 | (1.57) |
| | **Total other comprehensive income/(loss)** | | 0.97 | 8.42 |
| XI | **Total comprehensive income/(loss) for the year (IX+X)** | | (129.04) | 175.36 |
| XII | **Earnings per share** | 31 | | |
| | Basic (Rs.) | | (6.50) | 10.53 |
| | Diluted (Rs.) | | (6.50) | 10.53 |
| XIII | **Notes forming part of the Financial Statements** | 1 - 45 | | |

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

**Abhijit Bandyopadhyay**
Partner

Place: Kolkata
Date : 11th April, 2022

For and on behalf of the Board of Directors

**Manjushree Khaitan**
*Chairman*

**Suresh Sharma**
*Chief Financial Officer*

**P Radhakrishnan**
*Whole-time Director & CEO*

**Raghuram Nath**
*Company Secretary*

Deloitte Haskins & Sells Chartered Accountants

KESORAM INDUSTRIES LTD. Kol-1

**Kesoram Industries Limited**
**Statement of Cash Flows for the year ended 31st March, 2022**

**(All amounts in Rupees crores, unless otherwise stated)**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| **A. Cash Flow From Operating Activities** | | |
| Net Profit/(Loss) before tax | (139.88) | (140.11) |
| Adjustments for: | | |
| Depreciation and amortisation | 90.73 | 96.21 |
| Provision for bad and doubtful debts charged/(written back) | 2.47 | 2.28 |
| Inventory provision written off | - | 4.03 |
| Capital Work-in-Progress written off | 0.31 | - |
| Provision for doubtful advances | 1.63 | - |
| Finance costs | 481.70 | 245.81 |
| Exchange loss/(gain) on foreign currency fluctuation | (0.09) | - |
| Exceptional Items | 154.25 | 294.83 |
| (Profit)/Loss on sale of property, plant and equipment (net) | 0.13 | (0.27) |
| Liabilities/Provision no longer required written back | (12.79) | (4.47) |
| Interest income | (18.21) | (83.11) |
| Dividend income from long term investment (other than trade) | (0.02) | (0.02) |
| **Operating profit before working capital changes** | **560.23** | **415.18** |
| **Changes in Working Capital:** | | |
| Increase / (decrease) in Non Current /Current financial and other liabilities/provisions | (63.97) | (29.13) |
| (Increase) / decrease in Non Current /Current financial and other assets | (121.90) | (139.12) |
| (Increase) / decrease in inventories | (39.93) | 9.65 |
| **Cash Generated from Operations** | **334.43** | **256.58** |
| Direct Taxes paid (net of refunds) | 2.00 | (0.84) |
| **Net cash generated from operating activities- Total** | **336.43** | **255.74** |
| **B. Cash flow from Investing Activities:** | | |
| Purchase of property, plant and equipment/capital advance given | (33.18) | (20.57) |
| Proceeds from sale of property, plant and equipment (ROU) | 0.69 | 1.65 |
| Loan given to subsidiary | (8.15) | (246.35) |
| Net Loan Received/(Paid) to Body Corporate | - | (38.55) |
| Repayment of loans given to subsidiary | 0.55 | 82.13 |
| Interest received | 3.94 | 1.04 |
| Deposit Redemption/(Placed) with bank | (42.99) | (3.99) |
| Dividend income from long term investment (other than trade) | 0.02 | 0.02 |
| **Net cash used in investing activities - Total** | **(79.12)** | **(224.62)** |
| **C. Cash flow from Financing Activities** | | |
| Proceeds from Issue of Equity Shares [*] | 334.05 | - |
| Finance cost paid | (235.54) | (408.76) |
| Payment of Lease obligations | (13.45) | (13.61) |
| Proceeds from | | |
| - Long term borrowings | - | 2,063.40 |
| - Short term borrowings | 50.00 | 102.87 |
| Repayment of | | |
| - Long term borrowings | (364.33) | (1,185.18) |
| - Short term borrowings | - | (377.56) |
| **Net cash generated from/(used) in financing activities - Total** | **(229.27)** | **181.16** |

| | | |
|---|---|---|
| Net increase/(decrease) in cash and cash equivalents | **28.04** | **212.28** |
| Cash and cash equivalents at the beginning of the year | 90.95 | 3.18 |
| Add: Adjustment on account of loan settlement through issue of Equity Shares & OCRPS | - | 66.30 |
| Less: Cash credits at the beginning of the year | (0.02) | (190.82) |
| **Adjusted cash & cash equivalents at the beginning of the year** | **90.93** | **(121.34)** |
| Cash & cash equivalents at the end of the year | **118.97** | **90.93** |

| | 2021-2022 | 2020-2021 |
|---|---|---|
| **Cash and Cash Equivalents comprise :** | | |
| Cash on hand | 0.06 | 0.03 |
| Balances with banks on current account | 103.20 | 66.99 |
| Deposit with original maturity for less than three months | 15.71 | 23.93 |
| Cash credits at the end of the year | - | (0.02) |
| | **118.97** | **90.93** |

* Net proceeds of Rs 334.05 crores is after netting of share issue expense [excluding GST] of Rs 11.83 crores and conversion of ICD and accrued interest on ICD amounting to Rs 54.13 crores

KESORAM INDUSTRIES LTD. Kol-1

Deloitte Haskins & Sells Chartered Accountants

**Kesoram Industries Limited**
**Statement of Cash Flows for the year ended 31st March, 2022**

**(All amounts in Rupees crores, unless otherwise stated)**

**Notes:**

1. The above cash flow statement has been prepared under the Indirect Method as set out in Ind AS - 7 "Statement of Cash Flows".

2 Disclosure for non-cash transactions

| | 2021-2022 | 2020-2021 |
|---|---|---|
| Shares issued for conversion of Inter Corporate Debt (ICD) by wholly owned subsidiary into equity | - | 496.49 |
| Issue of Equity shares for settlement of loan | - | 144.44 |
| Issue of Optionally Convertible Redeemable Preference Shares for settlement of loan (recognised at fair value of Rs 74.07 crores) | - | 448.97 |
| Issue of equity shares to Manav Investment & Trading Co Ltd against loan received | 54.13 | - |
| **Total** | **54.13** | **1,089.90** |

In terms of our report attached

For and on behalf of the Board of Directors

**Manjushree Khaitan**
*Chairman*

**For DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

**Abhijit Bandyopadhyay**
Partner

**Suresh Sharma**
*Chief Financial Officer*

**P Radhakrishnan**
*Whole-time Director & CEO*

Place: Kolkata
Date : 11th April, 2022

Deloitte Haskins & Sells Chartered Accountants

**Raghuram Nath**
*Company Secretary*

KESORAM INDUSTRIES LTD. Kol-1

**Kesoram Industries Limited**
**Statement of changes in Equity for the year ended 31st March 2022**

(All amounts in Rupees crores, unless otherwise stated)

**A. Equity share capital ***

**As on 31st March, 2022**

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|---|---|
| 164.81 | - | 164.81 | 79.60 | 244.41 |

**As on 31st March, 2021**

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|---|---|
| 142.59 | - | 142.59 | 22.22 | 164.81 |

*Refer Note 14 (a)

**B. Other equity**

| Particulars | Notes | Share application money pending allotment | Securities Premium | Capital reserve - Development grant/ subsidy | Capital reserve - Amalgamation reserve | Capital Redemption Reserve | General reserve | Others | Retained earnings | FVOCI - equity instruments* | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 01 April 2021** | | - | 923.49 | 0.15 | 2.91 | 3.59 | 224.00 | 7.31 | (1,037.56) | 58.46 | 182.35 |
| Changes in accounting policy or prior period item | | - | - | - | - | - | - | - | - | - | - |
| **Restated balance at the beginning of the current reporting period** | | - | **923.49** | **0.15** | **2.91** | **3.59** | **224.00** | **7.31** | **(1,037.56)** | **58.46** | **182.35** |
| Profit/(Loss) for the year | | - | - | - | - | - | - | - | (130.01) | - | (130.01) |
| Other comprehensive income/(expense) [net of tax] | | - | - | - | - | - | - | - | 3.59 | (2.62) | 0.97 |
| Total comprehensive income for the year | | - | - | - | - | - | - | - | (126.42) | (2.62) | (129.04) |
| Issue of equity shares | 14 (b) | 1.06 | 307.50 | | - | - | - | - | | | 307.50 |
| **Balance as at 31 March 2022** | | 1.06 | 1,230.99 | 0.15 | 2.91 | 3.59 | 224.00 | 7.31 | (1,163.98) | 55.84 | 360.81 |

| Particulars | Notes | Share application money pending allotment | Securities Premium | Capital reserve - Development grant/ subsidy | Capital reserve - Amalgamation reserve | Capital Redemption Reserve | General reserve | Others | Retained earnings | FVOCI - equity instruments* | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 01 April 2020** | | - | 801.27 | 0.15 | 2.91 | 3.59 | 224.00 | 7.31 | (1,205.02) | 50.56 | (115.23) |
| Changes in accounting policy or prior period item | | - | - | - | - | - | - | - | - | - | - |
| **Restated balance at the beginning of the current reporting period** | | - | **801.27** | **0.15** | **2.91** | **3.59** | **224.00** | **7.31** | **(1,205.02)** | **50.56** | **(115.23)** |
| Profit/(Loss) for the year | | - | - | - | - | - | - | - | 166.94 | - | 166.94 |
| Other comprehensive income/(expense) [net of tax] | | - | - | - | - | - | - | - | 0.52 | 7.90 | 8.42 |
| Total comprehensive income for the year | | - | - | - | - | - | - | - | 167.46 | 7.90 | 175.36 |
| Issue of equity shares | 14 (b) | - | 122.22 | | - | - | - | - | | | 122.22 |
| **Balance as at 31 March 2021** | | - | 923.49 | 0.15 | 2.91 | 3.59 | 224.00 | 7.31 | (1,037.56) | 58.46 | 182.35 |

* represents gain on sale of shares transferred from Fair value through other comprehensive income (FVOCI) - equity instruments to retained earnings.

The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

**Abhijit Bandyopadhyay**
Partner

Place: Kolkata
Date : 11th April, 2022

For and on behalf of the Board of Directors

**Maniushree Khaitan**
*Chairman*

**Suresh Sharma**
*Chief Financial Officer*

**P Radhakrishnan**
*Whole-time Director & CEO*

**Raghuram Nath**
*Company Secretary*

**Kesoram Industries Limited**
**Notes to Financial Statements for the year ended 31st March, 2022**

## 1. Company Information

Kesoram Industries Limited (the Company) is a public company domiciled and incorporated under the provisions of the Indian Companies Act, 1913. The Company is a flagship company of B. K. Birla group of companies. Its shares are listed on three stock exchanges in India (Bombay Stock Exchange, National Stock Exchange and Calcutta Stock Exchange) and its Global Depositary Receipts (GDR) are listed on Luxembourg Stock Exchange. The Company markets its cement product under "Birla Shakti" brand.

The financial statements as at 31 March 2022 present the financial position of the Company.

The financial statements for the year ended 31 March 2022 were approved by the Board of Directors and authorised for issue on 11th April 2022.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

### (i) Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013 and presentation requirements of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

### (ii) Historical cost convention

The financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### 2.2 Property, plant and equipment

a) Property, plant and equipment are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase cost, borrowing costs if capitalisation criteria are met and other directly attributable cost of bringing the assets to its working condition for intended use. The cost also comprises of exchange differences arising on translation /settlement of long term foreign currency monetary items pertaining to acquisition of such depreciable assets. Any trade discounts and rebates are deducted in arriving at the purchase price.

b) Subsequent expenditure related to an item of property, plant and equipment is added to its carrying amount only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.

c) Capital work in progress is stated at cost, [including borrowing cost, where applicable and adjustment for exchange difference referred to in Note 2.14 below] incurred during construction/installation period relating to items or projects in progress.

d) Losses arising from the retirement of and gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of profit and loss.

e) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

| Class of assets | Estimated useful life (in years) |
|---|---|
| Buildings | 5-60 years |
| Plant and Equipment | 1-40 Years |
| Furniture and Fixtures | 1-16 Years |
| Office Equipment | 1-20 years |
| Vehicles | 8-10 Years |
| Railway Siding | 15 Years |

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

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### 2.3 Intangible assets

Intangible property, plant and equipment are capitalised where it is expected to provide future enduring economic benefits and amortised on a straight line basis. Capitalisation costs include license fees and the cost of implementation/ system integration services. The Costs are capitalised in the year in which the relevant intangible asset is implemented for use.

| Class of assets | Estimated useful life (in years) |
|---|---|
| Software | 3 Years |

### 2.4 Impairment

Property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 2.5 Lease

Effective April 1, 2019, the Company had adopted Ind AS 116 – Leases using the modified retrospective method. Under modified retrospective approach, the Company had recorded lease liability at the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17. The weighted average incremental borrowing rate for leases initially recognised upon the first-time application of Ind AS 116 was 13.21%. The Company applied a single discount rate to a portfolio of leases with reasonably similar characteristics. The adoption of Ind AS 116 did not had any material impact on Statement of Profit and Loss and earnings per share in the previous year.

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.
When the lease liability is remeasured due to change in contract terms, a corresponding change is made to the carrying amount of right-of-use asset, or is recorded in the profit and loss account if the carrying amount of right-of-use asset is reduced to zero.

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Such assets acquired are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor:
In respect of assets given on operating lease, the lease rental income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. There is no change in accounting as a lessor due to adoption of Ind AS 116 Leases.

### 2.6 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined on weighted average / first-in, first-out (FIFO) basis, as considered appropriate by the Company. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Provision is made for obsolete/slow moving/defective stocks, wherever necessary.

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### 2.7 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

#### (a) Financial assets

#### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### Other bank balances

Other bank balances include deposits with maturity less than twelve months but greater than three months and balances and deposits with banks that are restricted for withdrawal and usage.

#### Financial assets at amortised cost

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

#### Financial assets measured at fair value

Financial assets are measured at 'Fair value through other comprehensive income' (FVOCI) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these 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.

The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at 'Fair value through the statement of profit and loss' (FVPL).

#### Impairment of financial assets

The Company assesses on a forward looking basis the 'Expected credit losses' (ECL) associated with its assets carried at amortised cost and FVOCI debt instruments. The Company recognises loss allowance for expected credit losses on financial asset.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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**2.7 Financial Instruments**

**(b) Financial liabilities and equity instruments**

**Classification as debt or equity**

Financial liabilities, debts and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Financial Liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

**Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'finance cost" line item (note 27) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are recognised in retained earnings.

**Financial liabilities at amortised cost**

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

**De-recognition of financial liabilities**

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**Derivative financial instruments**

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

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### 2.8 Employee Benefits

**Defined contribution plans**

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

**Defined benefit plans**

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets.

**Compensated absences**

Accumulated compensated absences which are expected to be availed or encashed within twelve months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlements as at the year end.

Accumulated compensated absences which are expected to be availed or encashed beyond twelve months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial loss/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

**Ind AS 19 – Plan Amendment, Curtailment or Settlement:**
The amendment require an entity to use updated assumptions to determine current service costs and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and to recognize in the Statement of Profit and Loss as part of past service cost, or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The adoption of the standard did not have any material impact to the financial statements.

### 2.9 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

### 2.10 Provision and Contingent Liabilities

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

*Provision for restoration and environmental costs*

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. Costs arising from restoration at closure of the mines and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the Statement of Profit and Loss.

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*Provision for warranty*

The estimated liability for warranty is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions on product failure. The timing of outflows will vary as and when the obligation will arise - being typically up to five years.

**2.10 Provision and Contingent Liabilities**

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**2.11 Non-current assets (or disposal groups) held for sale**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

**2.12 Taxes on Income**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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### 2.13 Revenue Recognition

Revenue shall be recognised 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 and services.

#### (a) Sales of goods

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations may be satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognised as per the term of relevant contractual agreements/ arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due, which are otherwise recorded as contract assets.

#### (b) Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

#### (c) Dividend income

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

#### (d) Rental income

Rental income from investment properties and subletting of properties is recognised on a time proportion basis over the term of the relevant leases.

#### (e) Unfulfilled performance obligations

The Company provides certain benefits to customers for purchasing products from the Company. These provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide such benefits to the customer is a separate performance obligation. The transaction price is allocated to the product and the benefit to be provided on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the on the basis of providing cost of such benefits. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence. To the extent these benefits are not settled/disbursed till the end of a reporting period these are recorded.

A contract liability is recognised until the benefit is provided.

### 2.14 Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Premium in the form of fees paid on refinancing of loans are accounted for as an expense over the life of the loan using effective interest rate method. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

### 2.15 Foreign currency transactions and translations

*Functional and presentation currency*

The financial statements of the Company are presented in Indian rupees (INR), which is the functional currency of the Company and the presentation currency for the financial statements.

*Transactions and balances*

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates. Gains/losses arising out of fluctuations in the exchange rates are recognised in the statement of profit and loss in the period in which they arise.

### 2.16 Research and Development Expenditure

Revenue Expenditure on Research and Development is charged to the Statement of Profit and Loss in the year in which it is incurred and Capital Expenditure relating to Research and Development are included in property, plant and equipment.

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### 2.17 Earnings per share

*(i) Basic earnings per shore*

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

*(ii) Diluted earnings per share*

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

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

### 2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors has been identified as the chief operating decision maker. Refer note 38 for segment information presented. The company accounts for intersegment sales and transfers at cost.

### 2.19 Use of estimates and critical accounting judgements

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets and investments, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies, measurement of lease liability and Right to Use Asset.

### 2.20 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

**Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies the treatment of any cost or fees incurred by an entity in the process of derecognition of financial liability in case of repurchase of the debt instrument by the issuer. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 106 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

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**Kesoram Industries Limited**
**Notes forming part of financial statements**

**(All amounts in Rupees crores, unless otherwise stated)**

**Note 3: Property, plant and equipment**

| Particulars | GROSS BLOCK - AT COST | | | | DEPRECIATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2021 | Additions during the Year | Deletion during the Year | As at 31 March 2022 | Upto 01 April 2021 | Provided during the Year | Deletion during the Year | Upto 31 March 2022 | As at 31 March 2022 |
| Land : | | | | | | | | | |
| - Freehold | 608.55 | - | - | 608.55 | - | - | - | - | 608.55 |
| Buildings | 242.89 | - | - | 242.89 | 48.63 | 9.43 | - | 58.06 | 184.83 |
| Plant and Equipments | 1,084.32 | 20.82 | 2.01 | 1,103.13 | 341.94 | 62.76 | 1.45 | 403.25 | 699.88 |
| Furniture and Fixtures | 7.86 | 0.13 | 0.02 | 7.97 | 4.12 | 0.68 | 0.02 | 4.78 | 3.19 |
| Office Equipment | 6.01 | 1.24 | 0.06 | 7.19 | 4.10 | 0.90 | 0.03 | 4.97 | 2.22 |
| Vehicles | 14.48 | 0.22 | 0.93 | 13.77 | 8.11 | 1.47 | 0.70 | 8.88 | 4.89 |
| Railway Siding | 17.47 | - | - | 17.47 | 7.73 | 1.63 | - | 9.36 | 8.11 |
| Bearer plant | 0.10 | - | - | 0.10 | - | - | - | - | 0.10 |
| **Total** | **1,981.68** | **22.41** | **3.02** | **2,001.07** | **414.63** | **76.87** | **2.20** | **489.30** | **1,511.77** |

| Particulars | GROSS BLOCK - AT COST | | | | DEPRECIATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2020 | Additions during the Year | Deletion during the Year | As at 31 March 2021 | Upto 01 April 2020 | Provided during the Year | Deletion during the Year | Upto 31 March 2021 | As at 31 March 2021 |
| Land : | | | | | | | | | |
| - Freehold | 608.55 | - | - | 608.55 | - | - | - | - | 608.55 |
| Buildings | 242.89 | - | - | 242.89 | 39.18 | 9.45 | - | 48.63 | 194.26 |
| Plant and Equipments | 1,086.38 | 1.58 | 3.64 | 1,084.32 | 279.41 | 65.54 | 3.01 | 341.94 | 742.38 |
| Furniture and Fixtures | 7.85 | 0.02 | 0.01 | 7.86 | 3.37 | 0.76 | 0.01 | 4.12 | 3.74 |
| Office Equipment | 5.15 | 1.04 | 0.18 | 6.01 | 3.53 | 0.74 | 0.17 | 4.10 | 1.91 |
| Vehicles | 16.67 | 0.60 | 2.79 | 14.48 | 8.19 | 1.98 | 2.06 | 8.11 | 6.37 |
| Railway Siding | 17.47 | - | - | 17.47 | 6.10 | 1.63 | - | 7.73 | 9.74 |
| Bearer plant | 0.10 | - | - | 0.10 | - | - | - | - | 0.10 |
| **Total** | **1,985.06** | **3.24** | **6.62** | **1,981.68** | **339.78** | **80.10** | **5.25** | **414.63** | **1,567.05** |

(i) Refer note 15 for Property, plant and equipment pledged as security.

(ii) Contractual obligations
Refer to note 33 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) All the title deeds for the immoveable property are in the name of the Company

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**(All amounts in Rupees crores, unless otherwise stated)**

**Note 4: Right to Use Asset**

| Particulars | GROSS BLOCK - AT COST | | | | AMORTISATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | 01 April 2021 | Additions during the Year | Deletion during the Year | As at 31 March 2022 | 01 April 2021 | Provided during the Year | Deletion during the Year | Upto 31 March 2022 | As at 31 March 2022 |
| Leasehold Land | 22.25 | 11.98 | - | 34.23 | 6.38 | 2.28 | - | 8.66 | 25.57 |
| Building | 5.90 | 0.61 | 0.49 | 6.02 | 3.65 | 0.79 | 0.44 | 4.00 | 2.02 |
| Vehicle | 3.25 | 1.40 | 0.06 | 4.59 | 2.02 | 1.58 | 0.03 | 3.57 | 1.02 |
| Plant & Machinery | 24.07 | - | - | 24.07 | 12.35 | 9.21 | - | 21.56 | 2.51 |
| | **55.47** | **13.99** | **0.55** | **68.91** | **24.40** | **13.86** | **0.47** | **37.79** | **31.12** |

| Particulars | GROSS BLOCK - AT COST | | | | AMORTISATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | 01 April 2020 | Additions during the Year | Deletion during the Year | As at 31 March 2021 | 01 April 2020 | Provided during the Year | Deletion during the Year | Upto 31 March 2021 | As at 31 March 2021 |
| Leasehold Land | 6.06 | 16.19 | - | 22.25 | 0.15 | 6.23 | - | 6.38 | 15.87 |
| Building | 5.41 | 1.06 | 0.57 | 5.90 | 2.32 | 1.53 | 0.20 | 3.65 | 2.25 |
| Vehicle | 1.68 | 1.57 | - | 3.25 | 1.03 | 0.99 | - | 2.02 | 1.23 |
| Plant & Machinery | 20.02 | 4.05 | - | 24.07 | 4.99 | 7.36 | - | 12.35 | 11.72 |
| | **33.17** | **22.87** | **0.57** | **55.47** | **8.49** | **16.11** | **0.20** | **24.40** | **31.07** |

**Note 4A: Capital Work-in-Progress**

**(All amounts in Rupees crores, unless otherwise stated)**

| Particulars | As on 31st March 2022 | | | | | As on 31st March 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | < 1 year | 1-2 years | 2-3 years | More than 3 years | Total | < 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| - Projects in progress | 17.21 | 1.60 | 0.35 | 8.44 | 27.60 | 1.67 | 1.13 | 2.63 | 8.02 | 13.45 |
| - Projects temporarily suspended [Note 4C] | - | - | - | 0.61 | 0.61 | - | - | - | 1.18 | 1.18 |
| **Total** | **17.21** | **1.60** | **0.35** | **9.05** | **28.21** | **1.67** | **1.13** | **2.63** | **9.20** | **14.63** |

**Note 4B: Capital Work-in-Progress whose completion is overdue or has exceeded its cost compared to its original plan**

| Particulars | As on 31st March 2022 To be Completed In | | | | | As on 31st March 2021 To be Completed In | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | < 1 year | 1-2 years | 2-3 years | More than 3 years | Total | < 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| - Limestone Crushing Plant | - | - | - | - | - | 3.05 | - | - | | 3.05 |
| - Railway Sleepers | 3.79 | - | - | - | 3.79 | 3.79 | - | - | - | 3.79 |
| - Injepally Village Shifting Exp. | 11.78 | - | - | - | 11.78 | 6.25 | - | - | - | 6.25 |
| - Others | 0.35 | - | - | - | 0.35 | 0.35 | - | - | - | 0.35 |
| **Total** | **15.92** | **-** | **-** | **-** | **15.92** | **13.44** | **-** | **-** | **-** | **13.44** |

The delay in completion of the above projects is mainly due to the pandemic situation which was prevailing in the past two years and the Company has reassessed the completion of the projects within the next one year.

**Note 4C: Details of Projects temporarily suspended**

| Particulars | As on 31st March 2022 | As on 31st March 2021 |
|---|---|---|
| CRM Web Appliation Development | - | 0.16 |
| Railway Track Shifting | 0.60 | 0.60 |
| LSSR Shed Extension | 0.01 | 0.11 |
| Others | - | 0.31 |
| **Total** | **0.61** | **1.18** |

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**(All amounts in Rupees crores, unless otherwise stated)**

**Note 5: Investments in subsidiary and joint venture**

| Particulars | Face value | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **A. Investments carried at cost** | | | |
| **(a) Equity Investments in Subsidiary Company - Unquoted** | | | |
| 92,65,36,876 (31 March, 2021: 92,65,36,876) shares of Cygnet Industries Limited * | 10 | 926.54 | 926.54 |
| Less: Provision for impairment in value of investments | | (620.32) | (466.07) |
| **(b) Equity Investments in Joint venture - Unquoted** | | | |
| 22,730( 31 March, 2021: 22,730) shares of Gondhkari Coal Mining Limited | 10 | 0.02 | 0.02 |
| Less: Provision for impairment in value of investments | | (0.02) | (0.02) |
| **Total investment in subsidiary and joint venture** | | **306.22** | **460.47** |

* During the previous year ended 31 March 2021, loan given to wholly owned subsidiary amounting to Rs 496.49 crores has been converted into investment in Equity Shares at the face value of Rs 10 per share.

**Financial Assets**

**Note 6: Investments**

| Particulars | Face value | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **A. Investments carried at fair value through other comprehensive income:** | | | |
| **Investments in Equity shares** | | | |
| *(i) Quoted* | | | |
| 496,100 ( 31 March, 2021: 496,100) shares of HGI Industries Ltd. $ | 10 | 0.00 * | 0.00 * |
| 4,996,986 ( 31 March, 2021: 4,996,986) shares of Kesoram Textile Mills Limited # | 2 | 20.18 | 20.18 |
| | | **20.18** | **20.18** |
| *(ii) Unquoted* | | | |
| 30,000 ( 31 March, 2021: 30000) shares of Birla Buildings Ltd | 10 | 48.40 | 52.28 |
| 10,000 ( 31 March, 2021: 10,000) shares of Coromandel Stampings & Stones Ltd $ | 10 | 0.00 * | 0.00 * |
| 143,000 ( 31 March, 2021: 143,000) shares of Kesoram Services Limited (Erstwhile Kesoram Insurance Broking Services Ltd) | 10 | 1.06 | 1.03 |
| 10,455 ( 31 March, 2021: 10,455) shares of Calcutta Stock Exchange Association Ltd | 1 | - | - |
| 10 ( 31 March, 2021: 10) shares of Meghdoot Co-operative Housing Society Ltd $ | 100 | 0.00 * | 0.00 * |
| 7,231 ( 31 March, 2021: 7,231) shares of Padmavati Investment Ltd | 10 | 3.65 | 3.36 |
| 18,800 ( 31 March, 2021: 18,800) shares of Vasavadatta Services Ltd | 10 | 0.54 | 0.56 |
| | | **53.65** | **57.23** |
| **Total Investments** | | **73.83** | **77.41** |

(i) The carrying value and market value of unquoted investments are as below:

| | | |
|---|---|---|
| **(a) Quoted** | | |
| Carrying value | 20.18 | 20.18 |
| Market value | 20.18 | 20.18 |
| **Unquoted** | | |
| Carrying value | 53.65 | 57.23 |

\# market values in cases of some quoted investments are not available, hence the fair value has been considered as market values in such cases

$ cost of these equity instruments have been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

* Amount is below the rounding off norm adopted by the Company

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**(All amounts in Rupees crores, unless otherwise stated)**

**Note 7: Loans**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **A. Non-current (at amortised cost)** | | |
| *Credit impaired* | | |
| (a) Loan to joint venture company | 7.11 | 7.11 |
| Less: Allowance for credit loss | (7.11) | (7.11) |
| | - | - |
| (b) Loan to subsidiary [refer Note (a) below] | 154.46 | 131.20 |
| Less: Impairment Loss on Subsidiary Loan | - | - |
| | 154.46 | 131.20 |
| (c ) Loan to others [refer Note (b) below] | 519.67 | 493.22 |
| Less: Impairment Loss on Loan to Body Corporate | (519.67) | (493.22) |
| | - | - |
| | **154.46** | **131.20** |
| **B. Current (at amortised cost)** | | |
| *Unsecured, considered good* | | |
| (a) Loan to employees | 0.50 | 0.04 |
| (b ) Loan to others | 6.30 | 6.68 |
| | **6.80** | **6.72** |

*Note:*

(a) The Loan to Cygnet Industries Ltd, a wholly owned subsidiary company, was given after complying with the provisions of section 186(4) of the Companies Act, 2013. The loan was given in accordance with the terms and conditions agreed between the parties and is to be used by the recipient in the normal course of business. The loan is repayable on demand. The Rate of Interest on the loan is 10.5% p.a.

(b) Loan has been provided to Birla Tyres Limited, a body corporate, pursuant to the scheme of arrangement and post demerger is repayable on demand and carrying an interest rate of 5.93% p.a. During the current year, the Company has accounted for Rs 26.45 crores as interest income on this loan which has been provided for on prudent basis as the particular asset is already impaired.

(c) Loans granted to Promoters, Directors, KMPs & Related Parties

| Type of Borrower | Amount of loan or advance in the nature of loan outstanding | | Percentage to the total loans and advances in the nature of loans | |
|---|---|---|---|---|
| | 31st March, 2022 | 31st March, 2021 | 31st March, 2022 | 31st March, 2021 |
| -Promoters | NA | NA | NA | NA |
| -Directors | NA | NA | NA | NA |
| -KMPs | NA | NA | NA | NA |
| -Related Parties | | | | |
| (a) Loan to joint venture company (*)- without specifying any terms or period of repayment | - | - | - | - |
| (b) Loan to subsidiary (Cygnet Industries Limited) - repayable on demand | 154.46 | 131.20 | 22% | 21% |

* Loan of Rs 7.11 crores given to Joint Venture has been fully provided for

(d) Disclosure as per Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

| Name of the Company | Relationship | As at 31 March 2022 | Maximum balance outstanding during the year | Investment by the loanee in shares of parent Company |
|---|---|---|---|---|
| Cygnet Industries Limited | Subsidiary | 154.46 | 154.46 | - |

**Note 8: Other financial assets**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Non-current** | | |
| Deposit with original maturity for more than 12 months * | 0.28 | 0.01 |
| Security deposits | 9.85 | 3.17 |
| | **10.13** | **3.18** |
| **Current** | | |
| Security deposits | 9.62 | 4.06 |
| Balance with body corporates | 10.63 | 10.63 |
| Less: Allowances for doubtful advances | (10.63) | (10.63) |
| Interest accrued on deposits | 0.16 | 0.08 |
| Others | 12.70 | 9.06 |
| | **22.48** | **13.20** |

* Held as lien by bank against bank guarantees

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**(All amounts in Rupees crores, unless otherwise stated)**

**Note 9: Other assets**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Non-Current** | | |
| Capital advances | 11.82 | 3.68 |
| Prepaid expenses | 1.98 | 1.71 |
| | 13.80 | 5.39 |
| **Current** | | |
| Balance with statutory/government authorities | 15.20 | 17.62 |
| Prepaid expenses | 7.84 | 3.35 |
| Advance to vendors | 111.67 | 62.80 |
| Less: Allowances for doubtful advances | (32.61) | (32.61) |
| Receivable from Gratuity Fund (Refer Note 25) | 0.44 | - |
| Claim Receivable * | 52.27 | 0.29 |
| Others | 2.07 | 0.87 |
| Less: Allowances for doubtful receivables | (1.58) | (0.15) |
| | 155.30 | 52.17 |

* Pursuant to Circular no 14 of 2017 (dated 30.03.2017) of the Ministry of Railways, the Company had entered into a Long Term Tariff Contract (LTTC) with the South Central Zonal Railways for a period of 5 years. Since the Company has complied with the terms of the Contract, it has accrued a Freight Rebate of 42.59 crores under Claims Receivable for FY 2021-22.

**Note 10: Inventories**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Raw materials | 14.76 | 9.00 |
| Work-in-progress | 11.54 | 9.41 |
| Finished goods | 33.88 | 16.98 |
| Stores and spare parts * | 81.26 | 66.11 |
| | 141.44 | 101.50 |
| **Included above, goods-in-transit:** | | |
| Raw materials | 6.33 | 0.92 |
| Finished goods | 15.94 | 5.41 |
| Stores and spare parts | 0.21 | 8.95 |
| | 22.48 | 15.28 |

* The stores & spares inventory balance is net of provision of Rs. 5.73 crores (31 March 2021: Provision for Rs. 4.03 crores) towards slow moving, non-moving and obsolete stock.

**Note 11: Trade receivables** **(All amounts in Rupees crores, unless otherwise stated)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Current** | | |
| Trade Receivables | | |
| (a) Secured, considered good | 30.31 | 28.56 |
| (b) Unsecured, considered good | 290.08 | 248.85 |
| Less: Allowance for Expected Credit Loss | (3.68) | (2.45) |
| (c) Credit impaired | 7.27 | 6.20 |
| Less: Allowance for credit impaired | (7.27) | (6.20) |
| | 316.71 | 274.96 |

| Aging of Trade Receivables | 31 March 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Outstanding for following periods from due date of Payments | | | | | |
| **Particulars** | **Not Due** | **Less than 6 months** | **6 months - 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Undisputed Trade Receivables | | | | | | | |
| (i) Secured - considered good | 26.27 | 3.41 | - | - | - | 0.01 | 29.69 |
| (ii) Unsecured - considered good | 269.58 | 16.76 | 1.92 | 1.37 | 0.41 | 0.04 | 290.08 |
| Disputed Trade Receivables | | | | | | | |
| (i) Secured - considered good | - | - | - | 0.01 | 0.09 | 0.52 | 0.62 |
| (ii) Unsecured - credit impaired | - | - | 0.40 | 1.86 | 0.86 | 4.15 | 7.27 |
| **Total Debtors** | **295.85** | **20.17** | **2.32** | **3.24** | **1.36** | **4.72** | **327.66** |
| Less: Allowance for Loss | - | - | - | - | - | - | (10.95) |
| **Net Debtors** | **295.85** | **20.17** | **2.32** | **3.24** | **1.36** | **4.72** | **316.71** |

| Aging of Trade Receivables | 31 March 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Outstanding for following periods from due date of Payments | | | | | |
| **Particulars** | **Not Due** | **Less than 6 months** | **6 months - 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Undisputed Trade Receivables | | | | | | | |
| (i) Secured - considered good | 22.08 | 5.03 | 0.23 | 0.07 | 0.03 | - | 27.44 |
| (ii) Unsecured - considered good | 229.93 | 15.63 | 1.00 | 1.99 | 0.30 | - | 248.85 |
| Disputed Trade Receivables | | | | | | | |
| (i) Secured - considered good | - | 0.02 | 0.37 | 0.13 | 0.36 | 0.24 | 1.12 |
| (ii) Unsecured - credit impaired | - | 0.56 | 0.79 | 0.35 | 2.00 | 2.50 | 6.20 |
| **Total Debtors** | **252.01** | **21.24** | **2.39** | **2.54** | **2.69** | **2.74** | **283.61** |
| Less: Allowance for Loss | - | - | - | - | - | - | (8.65) |
| **Net Debtors** | **252.01** | **21.24** | **2.39** | **2.54** | **2.69** | **2.74** | **274.96** |

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**(All amounts in Rupees crores, unless otherwise stated)**

**Note 12: Cash and cash equivalents**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 0.06 | 0.03 |
| **Balances with bank** | | |
| In Current accounts | 103.20 | 66.99 |
| **Others** | | |
| Deposit with original maturity less than three months | 15.71 | 23.93 |
| | 118.97 | 90.95 |

**Note 13: Other bank balances**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Deposit with original maturity for more than three months but less than twelve months | 57.19 | 14.47 |
| On unpaid dividend accounts | 0.02 | 0.02 |
| | 57.21 | 14.49 |

| Deposits more than three months includes:- | 31 March, 2022 | 31 March, 2021 |
|---|---|---|
| - Deposits pledged with the sales tax authorities | - | 0.01 |
| - Held as lien by bank against bank guarantees | 56.90 | 14.44 |

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**(All amounts in Rupees crores, unless otherwise stated)**

**Note 14: Equity share capital and other equity**

**Note 14 (a): Equity share capital**

**Authorised equity share capital**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| 60,00,00,000 Equity Shares of Rs. 10 each [2020-21: 60,00,00,000 shares] | 600.00 | 600.00 |
| 6,00,00,000 Preference Shares of Rs. 100 each [2020-21: 6,00,00,000 shares] | 600.00 | 600.00 |
| | 1,200.00 | 1,200.00 |

**Issued, subscribed and paid-up equity share capital**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| 24,40,24,163 Equity Shares of Rs. 10 each fully paid up (31 March 2021: 16,48,11,341 Equity Shares of Rs. 10 each fully paid up) | 244.02 | 164.81 |
| 7,84,933 Equity Shares of Rs. 5 each partly paid up (31 March 2021: Nil Equity Shares of Rs. 5 each fully paid up) | 0.39 | - |
| | 244.41 | 164.81 |

*(i) Movement in equity share capital*

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 164.81 | 142.59 |
| Fresh shares issued | 79.60 | 22.22 |
| **Closing balance** | 244.41 | 164.81 |

a. During the financial year 2021-22, subscription for Rights issue of 7,99,97,755 equity shares of ₹ 10 each for cash at a premium of Rs 40 per share aggregating to Rs 399.99 crore was opened, on which Rs 25 per share was payable on application and remaining Rs 25 per share on first and final call within six months from the date of allotment. The issue was oversubscribed and allotment of the partly paid up equity shares of Rs 5 each was made on 21st October 2021 and the trading of the said partly paid up equity shares was available from 28th October, 2021 to 30th November 2021.
The first and final call for the aforesaid partly-paid up shares was made 3 times and the last date for payment was 19th March, 2022. First and final call money for 7,96,35,460 shares was received and the allotment for 7,92,12,822 was made till 31st March, 2022 and for 422,638 shares on 6th April 2022 . Out of the aforesaid allotted shares the trading of the 7,86,35,199 equity shares commenced by 31st March, 2022 and 5,28,551 shares on 4th April, 2022 and the balance 4,71,710 shares will take place in due course. For the remaining 3,62,295 partly paid up shares the Board Committee has decided to give a last and final reminder to the shareholders for payment of their first and final call money.
First and final call money on 422, 638 has been received which has been shown under share application money pending allotment of Rs 1.06 crores.
There is no deviation in use of proceeds from the objectives as stated in the Offer Document for rights issue.

b. During the previous year, the Company issued 2,22,21,262 Equity Shares face value of Rs 10 each to the previous lenders on a preferential basis on 8th March,2021 at the price determined in accordance with the applicable law @ Rs 65 per share (including securities premium of Rs 55 per share). Refer Note 29 (b).

**c. Utilisation of Proceeds from Rights Issue**
The proceeds from the rights issue (refer (a) above) have been utilised towards the object stated in the Offer Letter in the following manner:

| Particulars | Funds Utilised |
|---|---|
| Scheduled part redemption of NCDs | 55.00 |
| Conversion of ICD including interest for Manav Investment & Trading Co (net of TDS) to equity | 54.13 |
| Redemption of Optionally Convertible Debentures in part | 245.00 |
| General Corporate Purposes * | 33.13 |
| Issue Expenses (including GST) | 12.73 |
| **Total** | 399.99 |

** The above figure includes unutilised & unreceived amount of Rs 1.97 crores as on 31st March, 2022.*

*Terms and rights attached to equity shares*
The Company has two classes of equity shares having a par value of Rs. 10 per share and partly paid up shares of Rs 5 each. All shareholders for fully paid up equity shares are entitled to one vote per share and for partly paid up shares the voting rights considered are in proportion to the actual amount paid on those shares. The Company declares and pays dividend in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion to their shareholdings.

*(ii) Details of shareholders holding more than 5% shares in the company*

| Shareholder | 31 March 2022 | | 31 March 2021 | |
|---|---|---|---|---|
| | Number of shares | % holding | Number of | % holding |
| Manav Investment & Trading Co. Ltd | 5,43,19,456 | 22.26% | 3,39,66,691 | 20.61% |
| Pilani Investments and Industries Corporation Limited | 4,63,48,750 | 18.99% | 2,73,38,750 | 16.59% |
| Axis Bank Limited | 1,27,77,710 | 5.24% | 1,27,77,710 | 7.75% |
| | 11,34,45,916 | 46.49% | 7,40,83,151 | 44.95% |

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*(iii) Details of shareholdings by the Promoter/ Promoter Group*

| Promoter/ Promoter Group Name | 31 March 2022 | | 31 March 2021 | | % Change during the year * |
|---|---|---|---|---|---|
| | Number of shares | % holding | Number of shares | % holding | |
| **Promoter** | | | | | |
| Manav Investment & Trading Co. Ltd | 5,43,19,456 | 22.26% | 3,39,66,691 | 20.61% | 59.92% |
| Pilani Investments and Industries Corporation Limited | 4,63,48,750 | 18.99% | 2,73,38,750 | 16.59% | 69.54% |
| Manjushree Khaitan (Chairman) | 10,69,723 | 0.44% | 7,20,158 | 0.44% | 48.54% |
| **Promoter Group** | | | | | |
| Century Textiles and Industries Ltd | 76,00,502 | 3.11% | 51,16,800 | 3.10% | 48.54% |
| Aditya Marketing and Manufacturing Pvt. Ltd. | 36,37,913 | 1.49% | 24,49,111 | 1.49% | 48.54% |
| Padmavati Investment Pvt. Ltd. | 28,20,948 | 1.16% | 18,99,115 | 1.15% | 48.54% |
| Birla Institute of Technology and Science | 15,15,806 | 0.62% | 15,15,806 | 0.92% | 0.00% |
| Birla Education Trust | 9,54,171 | 0.39% | 9,54,171 | 0.58% | 0.00% |
| Prakash Educational Society | 9,10,922 | 0.37% | 9,10,922 | 0.55% | 0.00% |
| Late Basant Kumar Birla | 5,97,868 | 0.25% | 4,02,496 | 0.24% | 48.54% |
| Birla Educational Institution | 3,62,643 | 0.15% | 3,62,643 | 0.22% | 0.00% |
| Vidula Jalan | 1,71,381 | 0.07% | 1,15,377 | 0.07% | 48.54% |
| Rajashree Birla | 4,827 | 0.00% | 3,250 | 0.00% | 48.52% |
| Vasavadutta Bajaj | 8,541 | 0.00% | 5,750 | 0.00% | 48.54% |
| Kumar Mangalam Birla | 445 | 0.00% | 300 | 0.00% | 48.33% |
| | **12,03,23,896** | **49.30%** | **7,57,61,340** | **45.96%** | **58.82%** |

* % change during the year has been computed on the basis of the no of shares at the beginning of the year.

**Note 14 (b): Other Equity**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Securities Premium | 1,230.99 | 923.49 |
| Capital reserve | | |
| (a) Development grant/subsidy | 0.15 | 0.15 |
| (b) Amalgamation reserve | 2.91 | 2.91 |
| Capital redemption reserve | 3.59 | 3.59 |
| General reserve | 224.00 | 224.00 |
| Fair value through other comprehensive income (FVOCI)- equity instruments | 55.84 | 58.46 |
| Others | 7.31 | 7.31 |
| Retained earnings | (1,163.98) | (1,037.56) |
| **Total Other Equity** | **360.81** | **182.35** |

**(i) Securities Premium**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 923.49 | 801.27 |
| Increase/(decrease) during the year [Refer Note 14(a)] | 307.50 | 122.22 |
| **Closing balance** | **1,230.99** | **923.49** |

**(ii) Capital reserve**

**(a) Development grant/subsidy**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 0.15 | 0.15 |
| Transfer in equity | - | - |
| **Closing balance** | **0.15** | **0.15** |

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**(b) Amalgamation reserve**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 2.91 | 2.91 |
| Increase/(decrease) during the year | - | - |
| **Closing balance** | **2.91** | **2.91** |

**(iii) Capital redemption reserve**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 3.59 | 3.59 |
| Increase/(decrease) during the year | - | - |
| **Closing balance** | **3.59** | **3.59** |

**(iv) General reserve**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 224.00 | 224.00 |
| Increase/(decrease) during the year | - | - |
| **Closing balance** | **224.00** | **224.00** |

**(v) Fair value through other comprehensive income (FVOCI)- equity instruments**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 58.46 | 50.56 |
| Change in fair value of FVOCI equity instruments net of taxes | (2.62) | 7.90 |
| Transfer in equity | - | - |
| **Closing balance** | **55.84** | **58.46** |

**(vi) Other reserves**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 7.31 | 7.31 |
| Increase/(decrease) during the year | - | - |
| **Closing balance** | **7.31** | **7.31** |

**(vii) Retained earning**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | (1,037.56) | (1,205.02) |
| Net profit/(loss) for the year | (130.01) | 166.94 |
| *Items of other comprehensive income recognised directly in retained earnings* | | |
| - Remeasurement of post-employment benefit obligation, net of tax | 3.59 | 0.52 |
| Transfer in equity | - | - |
| **Closing balance** | **(1,163.98)** | **(1,037.56)** |

**Nature and purpose of other reserves**

*(i) Securities premium*

Securities premium is used to record premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Indian Companies Act, 2013 (the "Companies Act").

*(ii) Capital reserve*

(a)Certain grants of capital nature had been credited to Capital Reserve.
(b) The Company has recognised profit on account of amalgamation in capital reserve.

*(iii) Capital redemption reserve*

Capital redemption reserve was created on account of reinstatement of certain investments and spares at cost.

*(iv) General reserve*

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn.

*(v) Fair value through other comprehensive income (FVOCI)- equity instruments*

The cumulative gains and losses arising on fair value changes of equity investments measured at fair value through other comprehensive income are recognised in FVOCI - equity instruments reserve. The balance of the reserve represents such changes recognised net of amounts reclassified to retained earnings on disposal of such investments.

*(vi) Other reserves*

Others primarily include:
(a) Amounts appropriated out of profit or loss for doubtful debts and contingencies.
(b) Share buyback reserve has been created as per the Companies Act, 1956.
(c) Reserve which has arisen on forfeiture of shares.

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**Financial Liabilities**

**Note 15: Borrowings**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Non-Current** | | |
| **(a) Secured** | | |
| **At Amortised Cost** | | |
| Term Loans: | | |
| From others | | |
| 16,035 Senior Secured, Listed and Rated Redeemable Non-Convertible Debentures [face value of Rs 9,65,700 each (as at 31st March, 2021: Rs 10,00,000 each)] [Refer note (a) below] | 1,463.53 | 1,384.66 |
| 4,599 Secured Optionally Convertible Debentures [face value of Rs 3,27,400 each (as at 31st March, 2021: Rs 10,00,000 each)] [Refer note (a) below] | 138.49 | 370.29 |
| **(b) Unsecured** | | |
| **At Fair Value through Profit & Loss Account** | | |
| 4,48,97,195 Zero % Optionally Convertible Redeemable Preference Shares [face value of Rs 100 each]- recognised at fair value [Refer Note (a) below] | 90.70 | 74.07 |
| | 1,692.72 | 1,829.02 |
| *Less: Current maturities of long term borrowings (Refer below)* | (138.49) | (55.00) |
| *Add: Interest accrued on long term borrowings* | - | - |
| | 1,554.23 | 1,774.02 |
| **Current** | | |
| **(a) Secured** | | |
| Current maturities of Optionally Convertible Debentures | 138.49 | 55.00 |
| **(b) Unsecured** | | |
| Working Capital Loan from Bank | | |
| Overdraft / Cash Credit [Refer Note (b)] | - | 0.02 |
| From others | | |
| Inter corporate deposit | 3.00 | 3.00 |
| | 141.49 | 58.02 |
| *Add: Interest accrued on short term borrowings* | 0.80 | 0.56 |
| | 142.29 | 58.58 |

**Net debt reconciliation**

This section sets out an analysis of debt and the movements in net debt for the current period

| Particulars | 31-Mar-22 | 31-Mar-21 |
|---|---|---|
| Cash and cash equivalents | 118.97 | 90.95 |
| Non-current borrowings | (1,554.23) | (1,774.02) |
| Current borrowings | (142.29) | (58.58) |
| **Total** | (1,577.55) | (1,741.65) |

| | Other assets | Liabilities from financing activities | | Total |
|---|---|---|---|---|
| | Cash and cash equivalents | Non-current borrowings | Current borrowings | |
| **Net debt as at 1 April 2021** | 90.95 | (1,774.02) | (58.58) | (1,741.65) |
| Net increase in cash and cash equivalents during the year | 28.04 | - | - | 28.04 |
| Repayment of Borrowing | | 309.33 | 55.00 | 364.33 |
| Receipt of the Borrowings | - | | (50.00) | (50.00) |
| Change in cash credit considered as cash and cash equivalent for statement of cash flows | (0.02) | - | 0.02 | - |
| Interest expenses | - | (464.02) | (3.93) | (467.95) |
| Interest paid | - | 235.99 | (0.44) | 235.55 |
| Changes in current maturities of long-term debt | - | 138.49 | (138.49) | - |
| **Non-cash movements:** | | | | |
| Issue of equity shares to Manav Investment & Trading Co Ltd against loan | - | - | 54.13 | 54.13 |
| **Net debt as at 31 March 2022** | 118.97 | (1,554.23) | (142.29) | (1,577.55) |

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| | Other assets | Liabilities from financing activities | | Total |
|---|---|---|---|---|
| | Cash and cash equivalents | Non-current borrowings | Current borrowings | |
| **Net debt as at 1 April 2020** | 3.18 | (1,337.46) | (515.54) | (1,849.82) |
| Cash flows | 212.27 | (878.22) | 274.69 | (391.26) |
| Change in cash credit considered as cash and cash equivalent for statement of cash flows | (190.80) | - | 190.80 | - |
| Interest expenses | - | (136.51) | (83.03) | (219.54) |
| Interest paid | - | 275.41 | 127.30 | 402.71 |
| Conversion of accrued interest to Loan | - | (45.55) | - | (45.55) |
| Unamortised processing cost charged off | - | (33.21) | - | (33.21) |
| Changes in current maturities of long-term debt and interest accrued on them | - | (69.32) | (55.00) | (124.32) |
| **Non-cash movements:** | | | | |
| Issue of OCRPS and Equity shares for loan settlement | 66.30 | 450.84 | 2.20 | 519.34 |
| **Net debt as at 31 March 2021** | 90.95 | (1,774.02) | (58.58) | (1,741.65) |

**(a) Repayment terms and nature of securities given for borrowings from Others are as follows:**

| Others | 31 March 2022 | 31 March 2021 | Nature of Security | Repayment Terms |
|---|---|---|---|---|
| Non-Convertible Debenture | 1,463.53 | 1,384.66 | First pari passu charge on all fixed assets, moveable assets (non-current and current) and intangible assets of the Company. Additionally secured by pledge on 2,60,41,587 equity shares of the Company held by the promoters ; Non Disposal Undertaking (NDU) on other security held by a promoter; guarantee by a promoter limited to the value of shares pledged and under NDU as stated above. | Redeemable in 12 instalments by 28th February 2026 starting from November 2021. Tenure of instrument 4 years 11 months and 12 days from the date of allotment i.e. 16th March, 2021. Cash coupon rates: 1-18months @9.1% pa; 19-36months @11.3%pa; 37-60months @ 13.1%pa; XIRR of 20.75% excluding additional interest 1 and taxes. First instalment for Rs 55 crores was paid in November'21 and the next instalment is due in August'23 for Rs 30.47 crores. |
| Optionally Convertible Debenture | 138.49 | 370.29 | First pari passu charge on all fixed assets, moveable assets (non-current and current) and intangible assets of the Company. Additionally secured by pledge on 2,60,41,587 equity shares of the Company held by the promoters ; Non Disposal Undertaking (NDU) on other security held by a promoter; guarantee by a promoter limited to the value of shares pledged and under NDU as stated above. | Redeemable in August 2022. Tenure of instrument 17 months and 15 days from the date of allotment i.e. 16th March, 2021. Cash coupon rate @8.7% pa is applicable; XIRR of 20.75% excluding additional interest 1 and taxes. Prepayment of Rs 309.33 crores was made till March'2022. |
| Zero Coupon Optionally Convertible Redeemable Preference Shares | 90.70 | 74.07 | NA | Redeemable in 5 equal instalments starting from FY 2027-28 |
| | 1,692.72 | 1,829.02 | | |

The Company has not defaulted in the repayment of borrowings during the current year. Further, the Company has complied with all the applicable covenants as per the Debenture Trust Deed for the year ended March 31, 2022.

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**Note 16: Other financial liabilities**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Non-Current** | | |
| Security deposits | 87.21 | 74.27 |
| | **87.21** | **74.27** |
| **Current** | | |
| Capital creditors | 11.72 | 1.09 |
| Retention & earnest deposits | 10.99 | 9.30 |
| Other payables | 2.71 | 8.64 |
| Security deposits | 30.56 | 17.22 |
| Unpaid dividends * | 0.02 | 0.02 |
| | **56.00** | **36.27** |

* Note: There is no liability due which is required to be transferred to Investor Education and Protection Fund under section 124 and 125 of the Companies Act, 2013 except for disputed cases for shares held in abeyance under section 126.

**Note 17: Provisions**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Non-Current** | | |
| **(a) Provision for employee benefits** | | |
| Provision for leave encashment (unfunded) | 13.00 | 12.79 |
| **(b) Others** | | |
| Decommissioning obligations | 11.46 | 10.31 |
| **Total non-current provisions** | **24.46** | **23.10** |
| **Current** | | |
| **(a) Provision for employee benefits** | | |
| Provision for gratuity (Refer Note 25) | - | 1.46 |
| Provision for leave encashment (unfunded) | 2.20 | 2.91 |
| Others | 0.17 | 2.22 |
| **(b) Others** | | |
| Provision for contingencies | - | 1.71 |
| Provision for disputed statutory dues | 14.75 | 25.19 |
| **Total current provisions** | **17.12** | **33.49** |

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*(i) Movement in provisions*

Movements in each class of provision during the financial year, are set out below:

| Particulars | Decommissioning obligation | Provision for contingencies | Provision for disputed statutory dues |
|---|---|---|---|
| **As at 1 April 2021** | 10.31 | 1.71 | 25.19 |
| Charged/(credited) to profit or loss: | - | - | - |
| Additional provision recognised | - | - | |
| Unused amounts reversed | - | (1.71) | (10.44) |
| Amounts used during the year | - | - | - |
| Unwinding of discount | 1.15 | - | - |
| **As at 31 March 2022** | **11.46** | **-** | **14.75** |

Movements in each class of provision during the previous year, are set out below:

| Particulars | Decommissioning obligation | Provision for contingencies | Provision for disputed statutory dues |
|---|---|---|---|
| **As at 1 April 2020** | 9.28 | 1.21 | 22.63 |
| Charged/(credited) to profit or loss: | - | - | - |
| Additional provision recognised | - | 0.50 | 2.56 |
| Unused amounts reversed | - | - | - |
| Amounts used during the year | - | - | - |
| Transfer pursuant to the scheme of arrangement | - | - | - |
| Unwinding of discount | 1.03 | - | - |
| **As at 31 March 2021** | **10.31** | **1.71** | **25.19** |

**Note 18: Deferred Tax Assets / Liabilities**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Deferred Tax Liabilities** | | |
| Timing Difference - Property, plant and equipment | 201.70 | 215.00 |
| Timing Difference - Investments | 14.22 | 15.18 |
| Timing Difference - Amortisation of Debenture interest | 17.41 | 67.33 |
| Other | 9.09 | 12.48 |
| **Gross Deferred Tax Liability** | **242.42** | **309.99** |
| | | |
| **Deferred Tax Assets** | | |
| Unabsorbed depreciation | 217.32 | 219.68 |
| Capital losses | 27.20 | 27.20 |
| Business losses | 99.34 | 160.21 |
| Items allowable for tax purpose on payment basis | 16.72 | 22.34 |
| Provisions | 147.33 | 139.64 |
| Others | 6.96 | 2.54 |
| **Gross Deferred Tax Asset** | **514.87** | **571.62** |
| **Net Deferred Tax Assets** | **272.45** | **261.63** |

The Company has recognised net deferred tax asset considering that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

**Note 19: Other liabilities**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Non-current** | | |
| Advance received from Employees | 0.41 | 0.37 |
| | **0.41** | **0.37** |
| **Current** | | |
| Deferred revenue | 14.88 | 24.19 |
| Advance from customers & others | 33.85 | 35.72 |
| Statutory dues | 119.83 | 136.09 |
| Advance received from Employees | 0.36 | 0.94 |
| Other payables | 32.07 | 20.42 |
| | **200.99** | **217.36** |

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**(All amounts in Rupees crores, unless otherwise stated)**

**Note 20: Trade payables** **(All amounts in Rupees crores, unless otherwise stated)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Current** | | |
| (a) Total outstanding dues of micro enterprises and small enterprises (Refer Note 34) | 19.86 | 15.70 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 492.99 | 495.48 |
| (c) Employee benefits payable | 17.11 | 20.30 |
| | **529.96** | **531.48** |

| Aging of Trade Payables | As on 31st March 2022 | | | | |
|---|---|---|---|---|---|
| **Particulars** | **< 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| (i) MSME | 19.86 | - | - | - | 19.86 |
| (ii) Other Creditors | 460.02 | 19.60 | 6.43 | 5.14 | 491.19 |
| (iii) Disputed Dues - MSME | - | - | - | - | - |
| (iv) Disputed Dues - Others | - | - | - | 1.80 | 1.80 |
| (v) Employee's benefits payable (undisputed) | 14.37 | 1.54 | 0.28 | 0.92 | 17.11 |
| **Total** | **494.25** | **21.14** | **6.71** | **7.86** | **529.96** |

| Aging of Trade Payables | As on 31st March 2021 | | | | |
|---|---|---|---|---|---|
| **Particulars** | **< 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| (i) MSME | 15.70 | - | - | - | 15.70 |
| (ii) Other Creditors | 425.48 | 51.14 | 13.14 | 3.89 | 493.65 |
| (iii) Disputed Dues - MSME | - | - | - | - | - |
| (iv) Disputed Dues - Others | - | - | 0.03 | 1.80 | 1.83 |
| (v) Employee's benefits payable (undisputed) | 18.00 | 0.96 | 0.48 | 0.86 | 20.30 |
| **Total** | **459.18** | **52.10** | **13.65** | **6.55** | **531.48** |

Note: Aging has been considered from the date of transaction

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**(All amounts in Rupees crores, unless otherwise stated)**

**Note 21: Revenue from operations**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Revenue from contracts with customers # | | |
| Sale of Products | 3,530.22 | 2,410.28 |
| Other operating revenue | 9.34 | 4.93 |
| | **3,539.56** | **2,415.21** |

# The entire revenue is being recorded at a point in time.

A. Revenue from contracts with customers disaggregated on the basis of geographical region and product lines is presented below:
Year ended 31 March, 2022

| Particulars | India | Outside India | Total |
|---|---|---|---|
| Cement | 3,530.22 | - | 3,530.22 |
| | **3,530.22** | - | **3,530.22** |

Year ended 31 March, 2021

| Particulars | India | Outside India | Total |
|---|---|---|---|
| Cement | 2,410.28 | - | 2,410.28 |
| | **2,410.28** | - | **2,410.28** |

B. The Company has recognised the following revenue-related contract liabilities and receivables from contract with customers

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Contract liabilities – Deferred revenue [Refer Note 19] | 14.88 | 24.19 |
| Contract liabilities - Advance from customers [Refer Note 19] | 33.85 | 35.72 |
| | **48.73** | **59.91** |

The change in Contract Liabilities are as follows:

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Contract liabilities - Opening | 59.91 | 45.83 |
| Add: Additions during the year, excluding amounts recognised as revenue during the year | 48.65 | 46.81 |
| Less: Revenue recognised in the current year which was included in Contract Liabilities | (59.83) | (32.73) |
| **Contract Liabilities - Closing** | **48.73** | **59.91** |

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Trade Receivables- Gross | 316.71 | 274.96 |
| Less: Allowance for doubtful debt | - | - |
| | **316.71** | **274.96** |

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were not satisfied in a prior year.

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Revenue recognised that was included in the contract liability balance at the beginning of the period: | | |
| Contract liabilities – Deferred revenue | 24.19 | 0.26 |
| Contract liabilities - Advance from customers | 35.64 | 32.47 |
| | **59.83** | **32.73** |

**Note 22: Other Income**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Interest income: | | |
| On financial instruments measured at amortised cost | 44.27 | 82.10 |
| On income tax refund | 0.39 | 1.01 |
| Less: Provision for Doubtful Interest Income * | (26.45) | - |
| Dividend income | 0.02 | 0.02 |
| Other non operating income | 19.92 | 19.09 |
| | **38.15** | **102.22** |

* Refer Note 7 (b)

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**Note 23: Cost of Materials Consumed**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| **Raw Material Consumed** | | |
| Opening inventory | 9.00 | 8.34 |
| Add : Purchases | 188.95 | 128.70 |
| Less : Inventory at the end of the year | 14.76 | 9.00 |
| Add: Raising lime stone cost | 177.87 | 109.79 |
| | **361.06** | **237.83** |

| | | |
|---|---|---|
| **(a) Limestone raising cost include:** | | |
| Salaries, Wages, Bonus etc. | 12.67 | 11.37 |
| Contribution to Provident and other Funds | 0.53 | 0.48 |
| Contribution to Gratuity Fund (refer note 25) | 0.43 | 0.47 |
| Workmen and Staff welfare | 0.29 | 0.25 |
| Dead Rent, Royalty etc. | 99.41 | 63.94 |
| Power and Fuel | 12.63 | 4.40 |
| Stores and spares parts consumed | 35.08 | 19.29 |
| Machinery repairs | 4.97 | 3.72 |
| Other repairs | 0.39 | 0.10 |
| Rates and taxes | - | 0.15 |
| Insurance | 0.03 | 0.02 |
| Contractors-Transport | 9.47 | 4.72 |
| Miscellaneous | 1.97 | 0.88 |
| | **177.87** | **109.79** |

**Note 24: Changes in stock of finished goods, work-in-progress and stock in trade**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Inventories at the beginning of the year | | |
| - Work - in - progress | 9.41 | 15.62 |
| - Finished Goods | 16.98 | 37.31 |
| Less: Inventories at the end of the year | | |
| - Work - in - progress | 11.54 | 9.41 |
| - Finished Goods | 33.88 | 16.98 |
| Less: Transferred to Capital Jobs | 0.15 | 0.03 |
| | **(19.18)** | **26.51** |

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**(All amounts in Rupees crores, unless otherwise stated)**

**Note 25: Employee benefits expense**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Salaries, wages and bonus | 130.29 | 125.31 |
| Contribution to provident fund | 6.24 | 6.04 |
| Contribution to superannuation fund | 0.09 | 0.08 |
| Gratuity | 2.72 | 3.08 |
| Contribution under Employees State Insurance Scheme | 0.38 | 0.29 |
| Voluntary separation Scheme | 4.27 | 2.67 |
| Staff welfare expenses | 4.33 | 3.76 |
| **Total employee benefits expense** | **148.32** | **141.23** |

During the year, the Company recognised an amount of Rs. 6.35 crore (2020-21: Rs. 5.35 crores ) as remuneration to key managerial personnel. The details of such remuneration is as below:

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Short term employee benefits | 6.15 | 5.18 |
| Post employment benefits | 0.20 | 0.17 |
| **Total employee benefits expense** | **6.35** | **5.35** |

***(i) Compensated absences***
Compensated absences cover the Company's liability for sick and earned leave.

***(ii) Defined benefit plan***
***a) Gratuity***
The Company operates a gratuity plan through the "KICM Gratuity Fund". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

***b) Provident fund***
Provident fund for certain eligible employees is managed by the Company through the "B. K. Birla Group of Companies Provident Fund Institution" and "Birla Industries Provident Fund", in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee.

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at 31 March 2022 and 31 March 2021 respectively.

The Company also pays provident fund contributions to publically administered local fund as per the local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

The details of fund and plan asset position are given below:

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| as at 31 March 2021 | 25.35 | 28.60 | 3.25 |
| as at 31 March 2022 | 27.51 | 29.08 | 1.57 |

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Discount Rate (per annum) | 8.50% | 8.50% |
| Expected Rate of Return on Plan Assets (per annum) | 8.50% | 8.50% |

The Company contributed Rs. 1.78 crores and Rs. 2.61 crores during the year ended 31 March 2022 and 31 March 2021 respectively to the fund.

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***(iii) Defined contribution plan***

**Superannuation Fund:** The Company has defined contribution superannuation plan for the benefit of its eligible employees. Employees who are members of the defined contribution superannuation plan are entitled to benefits depending on the years of service and salary drawn.

Separate irrevocable trust is maintained for employees covered and entitled to benefits. The Company contributes 15% of the eligible employees' salary or Rs. 1 lakh, whichever is lower, in case of NPS participating employees and 15% of the basic salary in case of Non NPS participating eligible employees to the trust every year. Such contributions are recognised as an expense as and when incurred. The Company does not have any further obligation beyond this contribution.

The Company contributed Rs. 0.02 crore and Rs. 0.02 Crore during the year ended 31 March 2022 and 31 March 2021 respectively.

**(All amounts in Rupees crores, unless otherwise stated)**

***(iv) Balance sheet recognition***

***a) Gratuity***

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **01 April 2021** | 53.07 | 51.61 | 1.46 |
| Current service cost | 3.19 | - | 3.19 |
| Interest expense/(income) | 3.57 | (3.61) | (0.04) |
| **Total amount recognised in profit or loss** | **6.76** | **(3.61)** | **3.15** |
| *Remeasurement* | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | - | (0.33) | 0.33 |
| Actuarial (gain)/loss from change in demographic assumptions | - | - | - |
| Actuarial (gain)/loss from change in financial assumptions | (0.86) | - | (0.86) |
| Actuarial (gain)/loss from unexpected experience | (3.06) | - | (3.06) |
| **Total amount recognised in other comprehensive income** | **(3.92)** | **(0.33)** | **(3.59)** |
| Employer contributions/ premium paid | - | 1.46 | (1.46) |
| Benefit payments | 4.15 | 4.15 | - |
| Settlement Cost | - | - | - |
| Acquisition adjustment | - | - | - |
| **31 March 2022** | **51.76** | **52.20** | **(0.44)** |

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **01 April 2020** | 48.69 | 41.78 | 6.91 |
| Current service cost | 3.24 | - | 3.24 |
| Interest expense/(income) | 3.15 | (2.84) | 0.31 |
| **Total amount recognised in profit or loss** | **6.39** | **(2.84)** | **3.55** |
| *Remeasurement* | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | - | 4.91 | (4.91) |
| Actuarial (gain)/loss from change in demographic assumptions | - | - | - |
| Actuarial (gain)/loss from change in financial assumptions | (0.90) | - | (0.90) |
| Actuarial (gain)/loss from unexpected experience | 3.71 | - | 3.71 |
| **Total amount recognised in other comprehensive income** | **2.81** | **4.91** | **(2.10)** |
| Employer contributions/ premium paid | - | 6.90 | (6.90) |
| Benefit payments | 4.82 | 4.82 | - |
| Settlement Cost | - | - | - |
| Disposal/ Transfer of Asset | - | - | - |
| **31 March 2021** | **53.07** | **51.61** | **1.46** |

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**(All amounts in Rupees crores, unless otherwise stated)**

***(v) Significant estimates: actuarial assumptions***

The significant actuarial assumptions were as follows:

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Discount rate | 7.00% | 6.80% |
| Salary growth rate | 5.00% | 5.00% |
| Attrition rate | 1.00% | 1.00% |
| Mortality rate | IALM 2012-2014 ULTIMATE | IALM 2012-2014 ULTIMATE |

**(All amounts in Rupees crores, unless otherwise stated)**

***(vi) Sensitivity analysis***

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| Particulars | Impact on defined benefit obligation | | | |
|---|---|---|---|---|
| | 31 March 2022 | | 31 March 2021 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate **(-/+ 0.5%)** | 49.68 | 54.00 | 50.87 | 55.44 |
| % change compared to base due to sensitivity | -4.03% | 4.32% | -4.15% | 4.46% |
| Salary growth rate **(-/+ 0.5%)** | 54.02 | 49.64 | 55.46 | 50.83 |
| % change compared to base due to sensitivity | 4.36% | -4.10% | 4.50% | -4.22% |
| Attrition rate **(-/+ 0.5%)** | 51.77 | 51.75 | 53.08 | 53.06 |
| % change compared to base due to sensitivity | 0.02% | -0.02% | 0.02% | -0.02% |
| Life expectancy/ mortality rate **(-/+ 10%)** | 51.78 | 51.74 | 53.09 | 53.06 |
| % change compared to base due to sensitivity | 0.04% | -0.04% | 0.03% | -0.03% |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

***(vii) The major categories of plans assets***

In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

***(viii) Risk exposure***

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

*Investment risk:*

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies.
The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

*Interest risk:*

A decrease in the interest rate on plan assets will increase the plan liability.

*Life expectancy:*

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

*Salary growth risk*

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

***(ix) Defined benefit liability and employer contributions***

Expected contributions to post-employment benefits plans for the year ending 31 March 2023 is Rs. 7.75 crores.

The weighted average duration of the defined benefit obligation is 13 years (31 March 2021 – 13 years).

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**Note 26: Depreciation and amortisation expense**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Depreciation on tangible assets | 76.87 | 80.10 |
| Amortisation of Right to Use assets | 13.86 | 16.11 |
| | **90.73** | **96.21** |

**Note 27: Finance cost**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Interest expenses | 467.07 | 240.43 |
| Interest on Lease Liabilities | 1.48 | 2.07 |
| Other borrowing costs | 13.15 | 3.31 |
| | **481.70** | **245.81** |

**Note 28: Other expenses**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Consumption of stores and spare parts | 48.63 | 29.32 |
| Rent | 19.15 | 10.32 |
| Repairs and Maintenance | | |
| Building | 5.85 | 4.09 |
| Plant and Machinery | 51.91 | 36.59 |
| Others | 2.70 | 2.77 |
| Insurance | 8.16 | 6.09 |
| Rates and Taxes | 6.68 | 5.33 |
| Brokerage and Discounts | 29.11 | 17.04 |
| Commission to selling agents | 8.83 | 7.38 |
| Sales Promotion | 47.33 | 19.80 |
| Directors' Fees | 0.68 | 1.01 |
| Legal & Professional Expenses | 38.49 | 30.86 |
| Provision for doubtful debts | 2.47 | 2.28 |
| Provision for doubtful advances | 1.63 | - |
| Loss/(Profit) on property, plant and equipments sold/ discarded (net) | 0.13 | (0.27) |
| Payments to the auditor [refer Note (a) below] | 2.53 | 3.96 |
| Security Services | 6.76 | 5.85 |
| Miscellaneous expenses [refer Note (b) below] | 31.29 | 23.25 |
| | **312.33** | **205.67** |

(a) Details of auditors' remuneration and out-of-pocket expenses are as below:

| | | |
|---|---|---|
| Audit Fees (including Limited Reviews) | 2.14 | 2.14 |
| Tax Audit Fees | 0.30 | 0.45 |
| Fees for issuing various certificates * | 2.04 | 1.31 |
| Reimbursement of Expenses | - | 0.06 |
| **Total** | **4.48** | **3.96** |

* The above figure includes Rs 1.95 crores for Rights issue certification work transferred to Securities Premium and not charged to Profit & Loss.

| | | |
|---|---|---|
| (b) Miscellaneous expenses include | | |
| (i) Consumption of stores and spares parts | 2.35 | 1.33 |
| (c) Legal & Professional expenses include | | |
| (i) Payment to cost auditor | 0.05 | 0.05 |

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**Note 29: Exceptional items**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Impairment Loss on Subsidiary Investment [refer Note a] | (154.25) | (78.95) |
| Difference due to Fair Value of OCRPS net of settlement cost [refer Note b] | - | 277.34 |
| Impairment Loss on Loan to Body Corporate [refer Note c] | - | (493.22) |
| | **(154.25)** | **(294.83)** |

a) The Company has carried out an impairment analysis in respect of its Investment and loan to its wholly owned subsidiary Cygnet Industries Limited and consequently recognised an additional provision for impairment of Rs. 154.25 crores [FY 2020-21: Rs. 78.95 crore] which has been presented as an Exceptional Item in the Statement of Profit and Loss for the year ended 31 March 2022.
The assessment was based on the management's business plans/future projections approved by the Board of Directors. The key assumptions used for computation of value in use were the sales growth rate, gross profit margins, long-term growth rate and the risk-adjusted pre-tax discount rate. The post-tax discount rates were derived from the Company's weighted average cost of capital, taking into account the cost of capital, to which specific market-related premium adjustments are made. The Company had performed sensitivity analysis by changing the aforementioned variables independently, keeping the other variables constant, based upon which, there would be no material increase to the impairment charge which would impact the decision of the user of the financial statements.

b) During the previous year, a Resolution Plan ("the Plan") was approved by the lenders under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by Reserve Bank of India vide its circular 7th June 2019. Pursuant to the Plan, the Company had entered into a Settlement Agreement ("the Agreement") with the lenders dated 20th February, 2021, which was further amended on 15th March, 2021. The Agreement entails settlement of the existing Gross debt aggregating to ₹ 2,181.81 crores as at 31st January, 2021 in the following manner and divided into three parts:

i) By issuance of 2,22,21,262 numbers of Equity Shares of face value of ₹ 10 each to the lenders on a preferential basis on 8th March,2021 at the price determined in accordance with the applicable law @ ₹ 65 per share (including securities premium of ₹ 55 per share).

ii) By issuance of 4,48,97,195 numbers of Zero % Optionally Convertible Redeemable Preference Shares ('OCRPS') of face value of ₹100 each issued to the lenders convertible with prior consent of the holder and at the option of the Company during the period of 18 months from the date of allotment, and redeemable at par over the period of five years starting 31st March, 2028 in five equal tranches.

iii) Upfront repayment of Existing facilities to the extent of ₹ 1,670.94 crores to the lenders.

The Company during the previous year ended 31st March, 2021 had issued OCRPS has been initially recognised at fair value in the books. The resultant net gain of ₹ 277.34 crores, net of settlement costs, as at the date of implementation of the Plan between the carrying amount of the facility before settlement and on fair value of OCRPS / Equity was recognised in 'the Statement of Profit and Loss' as an exceptional item.

c) The company consequent to demerger in the financial year 2019-20 had recognised an amount recoverable from the resulting company. As on March 31, 2021, the related outstanding balance is Rs. 493.22 crores. During the previous year, the Company recognised a provision for impairment in respect of this outstanding balance, as the resulting company was going through a Resolution Process and the outcome of the same was dependent on implementation of the Resolution Process. This impairment loss was considered as an exceptional item in the previous year.

**Note 30: Income tax expense**

This note provides an analysis of the Company's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| ***(a) Income tax expense*** | | |
| *Current tax* | | |
| Current tax on profits for the year | - | - |
| Adjustments for current tax of prior periods * | - | (43.87) |
| **Total current tax expense** | **-** | **(43.87)** |
| *Deferred tax* | | |
| Decrease (increase) in deferred tax assets | 56.74 | (266.22) |
| (Decrease) increase in deferred tax liabilities | (67.57) | 4.60 |
| **Total deferred tax expense/(benefit)** | **(10.83)** | **(261.62)** |
| **Income tax expense** | **(10.83)** | **(305.49)** |

* Adjustments for current tax of prior periods represents write back of excess provision for income tax of earlier years on disposal of pending litigations.

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Deferred tax assets | 514.87 | 571.62 |
| Deferred tax liabilities | (242.42) | (309.99) |
| **Closing Balance** | **272.45** | **261.63** |

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| Particulars | As at Apr 01, 2021 | Recognised in Statement of Profit and Loss | Recognised in Other Comprehensive Income | As at March 31, 2022 | Not Recognised due to Uncertainty Refer Note (c) below |
|---|---|---|---|---|---|
| **A.Deferred tax assets** | | | | | |
| Unabsorbed depreciation | 219.68 | (2.36) | - | **217.32** | - |
| Capital losses | 27.20 | - | - | **27.20** | - |
| Business losses | 160.21 | (60.87) | - | **99.34** | **156.12** |
| Provision for doubtful debts | 11.04 | 0.62 | - | **11.66** | - |
| Provision for doubtful advances | 1.79 | 0.01 | - | **1.80** | - |
| Other Provisions | 126.81 | 7.06 | - | **133.87** | - |
| Items allowable for tax purpose on payment basis | 22.34 | (1.94) | - | **20.40** | - |
| Others | 2.55 | 0.73 | - | **3.28** | - |
| | **571.62** | **(56.74)** | - | **514.87** | **156.12** |
| **B. Deferred tax liabilities** | | | | | |
| Difference between book balance and tax balance of property, plant and equipment | 215.00 | (13.30) | - | **201.70** | - |
| Difference between fair value of investment and indexed cost of acquisition | 15.18 | (0.96) | (0.96) | **14.22** | |
| Difference on account of amortisation of Debenture interest | 67.33 | (49.92) | | **17.41** | |
| Others | 12.48 | (3.39) | | **9.09** | - |
| | **309.99** | **(67.57)** | **(0.96)** | **242.42** | - |
| **Net deferred tax assets / (liabilities) (A-B)** | **261.63** | **10.83** | **0.96** | **272.45** | **156.12** |

| Particulars | As at Apr 01, 2020 | Recognised in Statement of Profit and Loss | Recognised in Other Comprehensive Income | As at March 31, 2021 | Not Recognised due to Uncertainty Refer Note (c) below |
|---|---|---|---|---|---|
| **A.Deferred tax assets** | | | | | |
| Unabsorbed depreciation | 17.07 | 202.61 | - | **219.68** | - |
| Capital losses | 27.69 | (0.49) | - | **27.20** | - |
| Business losses | 77.65 | 82.56 | - | **160.21** | **117.30** |
| Provision for doubtful debts | 14.54 | (3.50) | - | **11.04** | - |
| Provision for doubtful advances | 2.49 | (0.70) | - | **1.79** | - |
| Other Provisions | 138.99 | (12.18) | - | **126.81** | - |
| Items allowable for tax purpose on payment basis | 26.00 | (3.66) | - | **22.34** | - |
| Others | 0.96 | 1.58 | - | **2.55** | - |
| | **305.39** | **266.22** | - | **571.62** | **117.30** |
| **B. Deferred tax liabilities** | | | | | |
| Difference between book balance and tax balance of property, plant and equipment | 289.76 | (74.76) | - | **215.00** | - |
| Difference between fair value of investment and Index cost of acquisition | 13.62 | | 1.56 | **15.18** | |
| Difference on account of Amortisation of Debenture interest | - | 67.33 | - | **67.33** | |
| Others | 2.01 | 10.47 | - | **12.48** | - |
| | **305.39** | **3.04** | **1.56** | **309.99** | - |
| **Net deferred tax assets / (liabilities) (A-B)** | **0.00** | **263.18** | **(1.56)** | **261.63** | **117.30** |

**(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Profit before tax | (139.88) | (140.11) |
| **Tax at the rate of 25.168%** | **(35.20)** | **(35.26)** |
| Deferred tax asset not recognised | - | - |
| Exempt income | - | - |
| Deductions claimed in tax | - | - |
| Permanent differences | 0.18 | 17.62 |
| Provision for Impairment on Investment in Subsidiary | 38.82 | 19.87 |
| Others (including difference in tax rates) | (3.80) | (2.23) |
| **Total income tax expense/(credit)** | - | - |

**(c) Tax losses**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Unused tax losses for which no deferred tax has been recognised: | | |
| - Tax losses | | |
| - Loss on provision for Impairment on Investment in Subsidiary (Refer Note 5) | 620.32 | 466.07 |
| Potential tax benefit @ 25.168% on Business loss | 156.12 | 117.30 |
| Minimum alternate tax (MAT) credit entitlement | | - |
| **Total** | **156.12** | **117.30** |

(a) Unabsorbed depreciation does not have any expiry period.
(b) From financial year 2020-21 (AY 2021-22) and onwards, the company has opted a new tax regime as per the provisions of Section 115BAA of the Income Tax Act, 1961. Accordingly, reinstated brought forward business losses / unabsorbed depreciation has been considered while computing deferred tax assets.

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**Note 31: Earnings per share**

| Particulars | | 2021-2022 | 2020-2021 |
|---|---|---|---|
| **(i) Basic** | | | |
| Number of equity shares at the beginning of the year | | 16,48,11,341 | 14,25,90,079 |
| Number of equity shares at the end of the year | | 24,40,24,163 | 16,48,11,341 |
| Weighted average number of equity shares outstanding during the year (*) | (A) | 20,01,31,405 | 15,85,67,203 |
| Nominal value of each equity Share (Rs.) | | 10 | 10 |
| Profit / (Loss) for the year (Rs. in crore) | (B) | (130.01) | 166.94 |
| Earnings per share (Basic) (Rs.) | (B/A) | (6.50) | 10.53 |
| **(ii) Diluted** | | | |
| Weighted average number of equity shares outstanding during the year (*) | | 20,01,31,405 | 15,85,67,203 |
| Earnings per share (Diluted) (Rs.) | | (6.50) | 10.53 |

* Basic and diluted earnings/(loss) per share for the previous year have been retrospectively adjusted for the bonus element in respect of the Rights Issue made during the current year. Refer **Note 14 (a)**.

**Note 32: Contingent liabilities**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **(a) Claims against the Company not acknowledged as debts :** | | |
| (i) Rates, Taxes, Duties etc. demanded by various Authorities | 169.10 | 213.47 |
| **(b) Income Tax matters** | 15.92 | 15.43 |
| | 185.02 | 228.90 |

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

**Note 33: Capital and other commitments**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Capital Commitments** | | |
| Estimated value of contracts in capital account remaining to be executed [net of advances Rs. 2.99 crores (31 March 2021: Rs. 1.59 crores)] | 26.06 | 3.19 |
| | 26.06 | 3.19 |

**Note 34:** The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 19.33 | 15.70 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 0.53 | - |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | 0.10 |
| Interest due and payable towards suppliers registered under MSMED Act, for payments already made | - | - |
| Further interest remaining due and payable for earlier years | - | - |
| The above information regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company | | |

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**Kesoram Industries Limited**
**Notes forming part of financial statements**

**(All amounts in Rupees crores, unless otherwise stated)**

**Note 35: Lease Disclosure**

1. The following is the break-up of current and non-current lease liabilities as at 31st March, 2022.

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| Current Lease Liability | 5.18 | 11.41 |
| Non Current Lease Liability | 1.48 | 5.31 |
| | **6.66** | **16.72** |

2. The following is the movement in lease liabilities during the year ended 31st March, 2021:

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| Opening Balance | 16.72 | 22.11 |
| Additions during the year | 2.00 | 6.69 |
| Finance cost accrued during the period | 1.48 | 2.07 |
| Deletions | 0.09 | 0.54 |
| Payment of lease liabilities | 13.45 | 13.61 |
| **Closing Balance** | **6.66** | **16.72** |

| | | |
|---|---|---|
| 3. Expense pertaining to leases which has been identified as Short Term | 16.98 | 6.82 |
| 4. Expense pertaining to leases which has been identified as Low Value | 0.11 | 0.09 |

5. Contractual maturities of lease liabilities as at 31st March, 2022 on an undiscounted basis
The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2022 on an undiscounted basis:

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| Less than one year | 4.72 | 13.16 |
| One to five years | 1.06 | 4.30 |
| More than five years | 7.21 | 7.36 |

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## Note 36: Capital management

### (a) Risk management

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the Company which comprises issued share capital (including premium) and accumulated reserves disclosed in the Statement of Changes in Equity.

The Company's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Company's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due.

## Note 37 : Fair value measurements

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

**Financial instruments by category**

| Particulars | 31 March 2022 | | | Total Carrying Value | Total Fair Value |
|---|---|---|---|---|---|
| | FVPL | FVOCI | Amortised cost | | |
| ***Financial assets*** | | | | | |
| Cash and cash equivalents | - | - | 118.97 | 118.97 | 118.97 |
| Other bank balances | - | - | 57.21 | 57.21 | 57.21 |
| Trade receivables | - | - | 316.71 | 316.71 | 316.71 |
| Loans | - | - | 161.26 | 161.26 | 161.26 |
| Investments | - | 73.83 | - | 73.83 | 73.83 |
| Other financial assets | - | - | 32.61 | 32.61 | 32.61 |
| **Total financial assets** | **-** | **73.83** | **686.76** | **760.59** | **760.59** |
| ***Financial liabilities*** | | | | | |
| Borrowings | 90.70 | - | 1,605.82 | 1,696.52 | 1,696.52 |
| Trade and other payables | - | - | 529.96 | 529.96 | 529.96 |
| Lease Liability | - | - | 6.66 | 6.66 | 6.66 |
| Other financial liabilities | - | - | 143.21 | 143.21 | 143.21 |
| **Total financial liabilities** | **90.70** | **-** | **2,285.65** | **2,376.35** | **2,376.35** |

| Particulars | 31 March 2021 | | | Total Carrying Value | Total Fair Value |
|---|---|---|---|---|---|
| | FVPL | FVOCI | Amortised cost | | |
| ***Financial assets*** | | | | | |
| Cash and cash equivalents | - | - | 90.95 | 90.95 | 90.95 |
| Other bank balances | - | - | 14.49 | 14.49 | 14.49 |
| Trade receivables | - | - | 274.96 | 274.96 | 274.96 |
| Loans | - | - | 137.92 | 137.92 | 137.92 |
| Investments | - | 77.41 | - | 77.41 | 77.41 |
| Other financial assets | - | - | 16.38 | 16.38 | 16.38 |
| **Total financial assets** | **-** | **77.41** | **534.70** | **612.11** | **612.11** |
| ***Financial liabilities*** | | | | | |
| Borrowings | 74.07 | - | 1,758.53 | 1,832.60 | 1,832.60 |
| Trade and other payables | - | - | 531.48 | 531.48 | 531.48 |
| Lease Liability | - | - | 16.72 | 16.72 | 16.72 |
| Other financial liabilities | - | - | 110.54 | 110.54 | 110.54 |
| **Total financial liabilities** | **74.07** | **-** | **2,417.27** | **2,491.34** | **2,491.34** |

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**(All amounts in Rupees crores, unless otherwise stated)**

**(i) Fair value hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes Company's over-the-counter (OTC) derivative contracts.

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level of hierarchy includes Company's investment in equity shares which are unquoted or for which quoted prices are not available at the reporting dates.

| Particulars | 31 March 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets:** | | | | |
| Investments | - | - | 73.83 | 73.83 |
| | - | - | 73.83 | 73.83 |
| **Financial liabilities:** | | | | |
| Borrowings | - | 90.70 | - | 90.70 |
| | - | 90.70 | - | 90.70 |

| Particulars | 31 March 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets:** | | | | |
| Investments | - | - | 77.41 | 77.41 |
| | - | - | 77.41 | 77.41 |
| **Financial liabilities:** | | | | |
| Borrowings | - | 74.07 | - | 74.07 |
| | - | 74.07 | - | 74.07 |

**(ii) Valuation technique used to determine fair value**

(a) Derivatives are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.

(b) Investments carried at fair value are generally based on market price quotations. However in cases where quoted prices are not available the management has involved valuation experts to determine the fair value of the investments. Different valuation techniques have been used by the valuers for different investments. These investments in equity instruments are not held for trading. Instead, they are held for long term strategic purpose. The Company has chosen to designate this investments in equity instruments at FVOCI since, it provides a more meaningful presentation. Cost of certain investments in equity instruments have been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

(c) Fair value of borrowings is estimated by discounting expected future cash flows. The carrying amounts of other borrowings with floating rate of interest are considered to be close to the fair value.

(d) The carrying amounts of remaining financial assets and liabilities are considered to be the same as their fair values.

(e) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

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**(All amounts in Rupees crores, unless otherwise stated)**

**Note 38: Financial risk management**

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:
(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

***(A) Credit risk***

The Company takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Maximum exposure to credit risk of the Company has been listed below:

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Trade receivables | 316.71 | 274.96 |
| Loan | 161.26 | 137.92 |
| Other financial assets | 32.61 | 16.38 |
| **Total** | **510.58** | **429.26** |

Other receivables as stated above are due from the parties under normal course of the business and as such the Company believes exposure to credit risk to be minimal.

**i) Trade and other receivables**

Customer credit risk is managed by the Company through established policy and procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying upto 90 days credit terms. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation. Trade receivables are consisting of a large number of customers. Where credit risk is high, domestic trade receivables are backed by security deposits. Export receivables are backed by letters of credit.

In determining the allowances for credit losses of trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

The Company's exposure to customers is diversified and there is no significant credit exposure on account of any single customer as at 31 March 2022 and 31 March 2021.

The company is making provisions on trade receivables based on Expected Credit Loss (ECL) model. The reconciliation of ECL is as follows:

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| **Opening balance** | **8.65** | **6.62** |
| Charge/(Release) to statement of profit and loss | 2.47 | 2.28 |
| Utilised during the year | (3.85) | (0.25) |
| **Balance at the end of the year** | **7.27** | **8.65** |

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**(B) Liquidity risk**

Liquidity risk refers to that risk where the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds from debt markets through commercial paper programs, non-convertible debentures and other debt instruments. The Company invests its surplus funds in bank fixed deposit and in mutual funds, which carry no or low market risk.

**(i) Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| Contractual maturities of financial liabilities 31 March 2022 | Less than 1 year | 1 - 3 years | 3 - 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivatives** | | | | | |
| Borrowings (including interest obligations) | 370.11 | 849.85 | 1,666.86 | 448.97 | 3,335.79 |
| Lease Liability | 4.72 | 0.66 | 0.40 | 7.21 | 12.99 |
| Other financial liabilities | 56.80 | - | - | 87.21 | 144.01 |
| Trade payables | 529.96 | - | - | - | 529.96 |
| **Total non-derivative financial liabilities** | **961.59** | **850.51** | **1,667.26** | **543.39** | **4,022.75** |

| Contractual maturities of financial liabilities 31 March 2021 | Less than 1 year | 1 - 3 years | 3 - 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivatives** | | | | | |
| Borrowings (including interest obligations) | 384.17 | 1,034.36 | 2,171.70 | 448.97 | 4,039.20 |
| Lease Liability | 13.16 | 3.99 | 0.31 | 7.36 | 24.82 |
| Other financial liabilities | 36.83 | - | - | 74.27 | 111.10 |
| Trade payables | 531.48 | - | - | - | 531.48 |
| **Total non-derivative financial liabilities** | **965.64** | **1,038.35** | **2,172.01** | **530.60** | **4,706.60** |

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**(C) Market risk**

**(i) Foreign currency risk**

The Company deals with foreign currency loan, trade payables etc. and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

**Foreign currency risk exposure**

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:-

**As at 31 March 2022**

| | USD (in crore) | | EUR (in crore) | | DKK (in crore) | | JPY (in crore) | |
|---|---|---|---|---|---|---|---|---|
| | Amount in foreign currency | Amount in local currency | Amount in foreign currency | Amount in local currency | Amount in foreign currency | Amount in local currency | Amount in foreign currency | Amount in local currency |
| **Financial assets** | | | | | | | | |
| Trade receivables | - | - | - | - | - | - | - | - |
| Advance to Vendors* | 0.05 | 3.79 | 0.00 | 0.10 | 0.00 | 0.02 | | |
| **Financial liabilities** | | | | | | | | |
| Trade payables | | | | | | - | - | - |
| Borrowings | - | - | - | - | - | - | - | - |
| **Net exposure to foreign currency risk** | **0.05** | **3.79** | **0.00** | **0.10** | **0.00** | **0.02** | **0.00** | **0.00** |

**As at 31 March 2021**

| | USD (in crore) | | EUR (in crore) | | GBP (in crore) | | JPY (in crore) | |
|---|---|---|---|---|---|---|---|---|
| | Amount in foreign currency | Amount in local currency | Amount in foreign currency | Amount in local currency | Amount in foreign currency | Amount in local currency | Amount in foreign currency | Amount in local currency |
| **Financial assets** | | | | | | | | |
| Trade receivables | - | - | - | - | - | - | - | - |
| **Financial liabilities** | | | | | | | | |
| Trade payables * | | | 0.00 | 0.05 | | - | - | - |
| Borrowings | - | - | - | - | - | - | - | - |
| **Net exposure to foreign currency risk** | - | - | (0.00) | (0.05) | - | - | - | - |

* Amount is below the rounding off norm adopted by the Company

***Sensitivity***

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

| | Impact on profit before tax | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| ***USD sensitivity*** | | |
| INR/USD appreciates by 5% (31 March 2021 - 5%)@ | (0.19) | - |
| INR/USD depreciates by 5% (31 March 2021 - 5%)@ | 0.19 | - |
| ***EUR sensitivity*** | | |
| INR/EUR appreciates by 5% (31 March 2021 - 5%)@ | (0.01) | 0.00 |
| INR/EUR depreciates by 5% (31 March 2021 - 5%)@ | 0.01 | (0.00) |
| ***DKK sensitivity*** | | |
| INR/DKK appreciates by 5% @ | (0.00) | - |
| INR/DKK depreciates by 5% @ | 0.00 | - |
| ***GBP sensitivity*** | | |
| INR/EUR appreciates by 5% (31 March 2021 - 5%)@ | - | - |
| INR/EUR depreciates by 5% (31 March 2021 - 5%)@ | - | - |
| ***JPY sensitivity*** | | |
| INR/JPY appreciates by 5% (31 March 2021 - 5%)@ | - | - |
| INR/JPY depreciates by 5% (31 March 2021 - 5%)@ | - | - |

@ Holding all other variables constant

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**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31 March 2022 and 31 March 2021, the Company's borrowings at variable rate were mainly denominated in INR.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

***(a) Interest rate risk exposure***

**On Financial Liabilities:**
The exposure of the Company's financial liabilities to interest rate risk is as follows:

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Variable rate borrowings | - | - |
| Fixed rate borrowings | 1,695.72 | 1,832.02 |
| **Total borrowings** | **1,695.72** | **1,832.02** |

**(b) Sensitivity**
Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

| | Impact on profit before tax | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| Interest expense rates – increase by 50 basis points (50 bps)# | - | - |
| Interest expense rates – decrease by 50 basis points (50 bps)# | - | - |

# Holding all other variables constant

**(iii) Price risk**

**(a) Exposure**
The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet at fair value through OCI. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. In general, these investments are not held for trading purposes.

**(b) Sensitivity**
The table below summarizes the impact of increases/decreases of the share prices on the Company's equity.

| | Impact on equity | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| Share price - Increase 5% | 3.69 | 3.87 |
| Share price - Decrease 5% | (3.69) | (3.87) |

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**Note 39: Segment reporting**

The Company, at standalone financial statement level, operates in one segment i.e. "Cement". The Company has disclosed segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Paragraph 4 of INDAS 108 'Operating Segments', no disclosure related to segments are presented in this standalone financial statement.

**Geographical information**

(a) Revenue from external customers:

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| India | 3,539.56 | 2,415.21 |
| Others | - | - |
| | **3,539.56** | **2,415.21** |

**Note 40:** The Company has considered possible effects that may result from the ongoing COVID 19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of COVID 19 variants, the Company has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of the assets will be recovered. The impact of COVID 19 variants on the Company's financial statements may differ from that estimated as at the date of approval of the same.

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**Note 41: Related party transactions** **(All amounts in Rupees crores, unless otherwise stated)**

**List of Related Parties and relationship**

**A) Subsidiary**

Cygnet Industries Limited

**B) Joint Venture**

Gondkhari Coal Mining Limited

**C) Post Retirement Benefit Plan**

B.K. Birla Group of Companies Provident Fund Institution,
Birla Industries Provident Fund Institution,
KICM Gratuity Fund
Kesoram Superannuation Fund

**D) Key Management Personnel & Directors**
Smt. Muniushree Khaitan [Chairman]
Mr. P Radhakrishnan [Whole Time Director & CEO]
Mr. Suresh Sharma [Chief Financial Officer]
Mr. Akash Ghawalewala [Company Secretary] (resigned w.e.f 14th June, 2021)
Mr. Raghuram Nath [Company Secretary] (appointed w.e.f 15th June, 2021)
Mrs. Mangala Radhakrishna Prabhu [Independent Director] (appointed w.e.f 14th May, 2021)
Mr. Satish Narain Jajoo [Additional Director] (appointed w.e.f 12th August, 2021)
Mr. Lee Seow Chuan [Independent Director]
Ms. Jikyeong Kang [Independent Director]
Mr. Kashi Prasad Khandelwal [Independent Director]
Mr. Bhaskar Neogi [Nominee Director] (resigned w.e.f 17th June, 2021)
Mr. Sudip Banerjee [Independent Director]

**E) Others**

A. Entity Controlled, Joint Controlled by Key Management Personnel

MSK Travels and Tours Limited
Aditya Marketing & Manufacturing Private Limited
Arbela Trading and Services Private Limited
Usinara Trading and Services Private Limited
Birla Tyre Radials Limited

B. One entity is an associate of the other entity (or an associate of a group of which the other entity is a member)

Manav Investment & Trading Co Ltd & its subsidiaries

**(A) The following transactions were carried out with the related parties in the ordinary course of business.**

| Nature of Transaction/ Relationship | 2021-22 | 2020-21 |
|---|---|---|
| Interest Income: | | |
| Subsidiary | 14.30 | 32.67 |
| Management Service Income: | | |
| Subsidiary | 0.97 | 3.47 |
| Rent Received: | | |
| Subsidiary | 0.14 | 0.14 |
| Others | 0.01 | - |
| Reimbursement of Expenses: | | |
| Subsidiary | 0.09 | - |
| Others | - | - |
| Loan Repayment | | |
| Subsidiary | 0.55 | 82.13 |
| Loan Given | | |
| Subsidiary | 8.15 | 246.35 |
| Conversion of Loan to Investment | | |
| Subsidiary | - | 496.49 |
| Impairment Provision | | |
| Subsidiary | 154.25 | 78.95 |
| Sale of Raw Material | | |
| Subsidiary | 5.53 | - |
| Provident Fund Contribution | | |
| Post Retirement Benefit Plan | 2.07 | 2.61 |
| Gratuity Claimed | | |
| Post Retirement Benefit Plan | 4.15 | 4.82 |
| Gratuity Contribution | | |
| Post Retirement Benefit Plan | 3.56 | 5.53 |
| Superannuation Contribution | | |
| Post Retirement Benefit Plan | 0.02 | 0.02 |
| Upkeep,Rent,Electricity ,Generator facility | | |
| Others | 0.26 | 0.29 |
| Tour & Travel Services | | |
| Others | 0.57 | 0.41 |
| Receipt of ICD | | |
| Others | 50.00 | 50.20 |
| Repayment of ICD | | |
| Others | - | 50.20 |
| Adjustment of ICD against Rights Issue | | |
| Others | 50.00 | - |
| Interest Expense | | |
| Others | 4.58 | 1.48 |
| Interest Payment | | |
| Others | - | 1.48 |
| Adjustment of Interest liability against Rights Issue (including TDS) | | |
| Others | 4.58 | - |
| Expenditure-Other Services | | |
| Others | 0.66 | 0.37 |

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**Note 41: Related party transactions** **(All amounts in Rupees crores, unless otherwise stated)**

**(B) Outstanding balances**

| Nature of Transaction/ Relationship | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **Payable/ (Receivable) :** | | |
| Others | - | 1.11 |
| Post Retirement Benefit Plan | (0.27) | 1.59 |
| | | |
| **Loan Receivable** | | |
| Subsidiary | 138.42 | 129.46 |
| Joint Venture ** | 6.17 | 6.17 |
| | | |
| **Interest Payable** | | |
| Others | 0.46 | - |
| | | |
| **Interest Receivable** | | |
| Subsidiary | 16.04 | 1.74 |
| Joint Venture ** | 0.62 | 0.62 |
| | | |
| **Investment in Shares** | | |
| Subsidiary (net of impairment loss) | 306.22 | 460.47 |
| | | |
| **Advance Receivable** | | |
| Joint Venture ** | 0.32 | 0.32 |

** Outstanding balance of Rs 7.11 crores receivable from Joint Venture has been fully provided for. Refer Note 7 (c).

**(C) Compensation of KMP of the Company**

(i) The following transactions were carried out with the KMP in the ordinary course of business.

The details of remuneration paid to key management personnel is provided in Note 25.

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| | | |
| Sitting fees to Director | 0.68 | 1.01 |
| | | |
| Reimbursement of Expenses | 0.05 | 0.04 |
| Repayment of Loan from Director | - | 20.73 |

(ii) Outstanding balances

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| | | |
| Remuneration | - | 0.23 |
| Loan from Director | - | - |

*Disclosure pursuant to Section 186(4) of The Companies Act 2013, regarding loans given and investment made are mentioned in the respective notes of Non Current Investments (refer note 6) and Non Current Loans and Advances (refer note 7).*

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**Notes forming part of financial statements**

**Note 42: Key Ratios**

| Ratio | Numerator | Denominator | 31st March 2022 | 31st March 2021 | % Variance | Reason for Variance |
|---|---|---|---|---|---|---|
| (a) Current Ratio | Current Assets | Current Liabilities | 0.86 | 0.64 | 34.19 | Due to growth in Revenue along with increase in production and improved operating efficiencies in the business, cash balance, receivables and inventory balance is increased which has resulted an improvement in the ratio. |
| (b) Debt-Equity Ratio | Total Debt (Non-current borrowings + Current Borrowings + Total Lease Liability) | Shareholder's Equity | 2.81 | 5.33 | (47.26) | Increase in Shareholder's Equity post current year shares issue and also reduction in borrowings due to prepayment of debts from the proceeds of Rights issue and internal accrual which has resulted in the improvement of the ratio. |
| (c) Debt Service Coverage Ratio | Net profit after taxes + Exception items + Non-cash operating expenses (depreciation) + Finance costs + Other adjustments (loss on sale of PPE) | Interest payments+ Long-term Principal Repayments+ Lease Payments | 0.97 | 1.70 | (42.79) | Prepayment of debts from the proceeds of Rights issue and internal accrual has resulted in decline in the ratio. |
| (d) Return on Equity | Net Profit after taxes | Average Shareholder's Equity | (0.27) | 0.89 | (130.59) | Reduction in Net Income (PAT) due to higher finance cost burden inspite of better operating margins and also first time recognition of deferred tax asset in previous year. All these factors has led to worsening of the ratio in the current year. |
| (e) Inventory Turnover Ratio | Sale of Products | Average Inventory | 29.06 | 22.25 | 30.63 | Revenue growth and efficient inventory operations during the year has led to faster inventory churning and thereby the inventory turnover ratio has been improved. |
| (f) Trade Receivables Turnover Ratio | Sale of Products | Average Trade Receivables | 11.93 | 10.84 | 10.09 | |
| (g) Trade Payables Turnover Ratio | Cost of Good sold (comprises of Purchases including Lime stone raising costs + Packing, carriage and shipping + Power & Fuel) | Average Trade Payables | 4.81 | 2.95 | 63.02 | Increase in purchases in line with Revenue growth and efficient payable management during the year has led to faster creditors churning and thereby the payable turnover ratio has been improved. |
| (h) Net Capital Turnover Ratio | Sale of Products | Working Capital | (26.58) | (7.20) | 269.16 | Due to growth in Revenue along with increase in production and improved operating efficiencies in the business, cash balance, receivables and inventory balance is increased which has resulted reduction in negative working capital and an improvement in the ratio. |
| (i) Net Profit Ratio | Net Profit after taxes | Sale of Products | (0.04) | 0.07 | (153.14) | Reduction in Net Income (PAT) due to increase in finance cost and recognition of impairment on subsidiary investment inspite of better operating margins |
| (j) Return on Capital Employed | Earnings before interest and taxes (Loss before taxes + Finance costs) | Capital employed (Tangible Net worth + Total Debt) | 0.15 | 0.05 | 206.11 | Increase in earnings due to better operating margins in line with Revenue growth and also prepayment of debts from Rights Issue and internal accruals. All these factors have contributed to a better ratio. |

Note : During the current and previous year, the Company has not earned income on the investments held on account of losses incurred by the respective Investee Company. Accordingly, ratio for Return on Investments has not been presented.

**Note 43: Code on Social Security**

During the previous year ended 31st March, 2021 the Central Government has published "The Code on Social Security, 2020" and "Industrial Relations Code, 2020" ("the Codes") in the Gazette of India, inter alia, substituting various existing labour and industrial laws which deals with employees related benefits including post employment. The effective date of the codes thereunder and the rules are yet to be notified. The impact of the legislative changes, if any, will be assessed and recognised post notification of the relevant provisions.

**Note 44: Other Statutory Information**

(i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
(ii) The Company do not have any transactions with companies struck off.
(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
(iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial years.
(v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
(vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
(vii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

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**Kesoram Industries Limited**
**Notes forming part of financial statements**

**Note 45:** Figures for the previous year have been regrouped/reclassified wherever necessary to conform to current period's classification.

*** Amount is below the rounding off norm adopted by the Company**

For and on behalf of the Board of Directors

**Manjushree Khaitan**
*Chairman*

**Suresh Sharma**
*Chief Financial Officer*

**P Radhakrishnan**
*Whole-time Director & CEO*

Place: Kolkata
Date : 11th April, 2022

**Raghuram Nath**
*Company Secretary*

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**Deloitte Haskins & Sells**

Chartered Accountants
13th & 14th Floor
Building - Omega
Bengal Intelligent Park
Block - EP & GP, Sector - V
Salt Lake Electronics Complex
Kolkata - 700 091
West Bengal, India

Tel: +91 33 6612 1000
Fax: +91 33 6612 1001

## INDEPENDENT AUDITOR'S REPORT

### To The Members of KESORAM INDUSTRIES LIMITED
### Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of KESORAM INDUSTRIES LIMITED ("the Parent") and its subsidiaries, (the Parent and its subsidiary together referred to as "the Group") which includes the Group's share of loss in its joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiary, and joint venture referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2022, and their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the sub-paragraphs (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| 1 | **Recoverability of deferred tax assets (DTA) recognized on carry-forwards tax losses, unabsorbed depreciation and provision for loans and advances (Recognised in the books of the Parent)**<br><br>The Parent has recognised Rs. 272.45 Crores as DTA, as at 31 March, 2022, relating to carry-forwards tax losses, unabsorbed depreciation and provision for loans and advances.<br><br>The Parent exercises significant judgement in assessing the recoverability of DTA relating to these items. In estimating the recoverability of DTA, management uses inputs such as internal business and tax projections over a 10 year period.<br><br>Recoverability of DTA on carry-forwards tax losses, unabsorbed depreciation and provision for loans and advances is sensitive to the assumptions used by management in projecting the future taxable income, the reversal of deferred tax liabilities which can be scheduled, and tax planning strategies.<br><br>Refer note 2.16 "Taxes on Income" for accounting policies, note 2.23 in "Use of estimates & critical accounting judgements" related to taxes, note 18 "Deferred Tax Assets/ Liabilities" and Note 30 "Income tax expenses" for disclosures related to taxes of the Consolidated Financial Statements. | **Principal audit procedures performed**<br><br>• We obtained an understanding of controls performed by the management to assess the recoverability of the DTA relating to carry-forwards tax losses, unabsorbed depreciation and provision for loans and advances.<br><br>• We evaluated Design and Operating Effectiveness of the management controls over the process for determining the recoverability of the DTA relating to carry-forwards tax losses, unabsorbed depreciation and provision for loans and advances which included amongst others controls over the assumptions and judgments used in the projections of future taxable income.<br><br>• To assess the Parent's ability to estimate future taxable income, we compared the Parent's previous forecasts to actual results.<br><br>• We involved our tax professionals with specialized skills and knowledge to assist in evaluating taxation related matters including the Parent's tax planning strategies and interpretation of tax laws.<br><br>• We performed a sensitivity analysis over the key assumptions to assess their impact on the Parent's determination that the DTA relating to carry-forwards tax losses, unabsorbed depreciation and provision for loans and advances.<br><br>• We evaluated the adequacy of disclosures in the financial statements |

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| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| | | related to deferred tax in notes 2.16, 2.23, 18 and 30 respectively of the consolidated financial statements. |

**Information Other than the Financial Statements and Auditor's Report Thereon**

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Report of Directors and the following Annexures thereto, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiary and joint venture audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary and joint venture is traced from their financial statements audited by the other auditors.

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

**Management's Responsibility for the Consolidated Financial Statements**

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint venture in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for

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assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture.

**Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

(b) We did not audit the financial statements of 1(one) subsidiary whose financial statements reflect total assets of Rs. 667.84 crores as at 31st March, 2022, total revenues of Rs. 85.70 crores and net cash inflows amounting to Rs. 8.20 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. NIL for the year ended 31st March, 2022, as considered in the consolidated financial statements, in respect 1 (one) joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and joint venture and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, and its joint venture is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above

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matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1 As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiary and joint venture referred to in the Other Matters section above we report, to the extent applicable 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 of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2022 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary company and joint venture company incorporated in India, none of the directors of the Group companies, its joint venture company incorporated in India is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary company and joint venture company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

j) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its joint venture

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ii) the Group, its joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary company and joint venture company incorporated in India, except in case of Parent Company the amount pertaining to Unpaid dividend of Rs. 0.02 crores and the related equity shares which has not been transferred. Based on the information and records available with the Parent, all these relates to the disputed matters with several shareholders.

iv) (a)The respective Managements of the Parent and its subsidiary which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and the other auditors of such subsidiary respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiary to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in any other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b)The respective Managements of the Parent and its subsidiary which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiary respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been received by the Parent or any of such subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v)The Parent has not declared or paid any dividend during the year and has not proposed final dividend for the year.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by

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remarks by the respective auditors in the CARO reports of the said respective companies included in the consolidated financial statements except for the following:

| Name of the company | CIN | Nature of relationship | Clause Number of CARO report with qualification or adverse remark |
|---|---|---|---|
| Cygnet Industries Limited | U74900WB2015PLC206720 | Subsidiary | Clause (i)(c), (iii)(f), (vii)b, (xvii) |
| Gondkhari Coal Mining Limited | U10100DL2009PLC191466 | Joint Venture | Clause (iv), (xvii) |

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 302009E)

**Abhijit Bandyopadhyay**
(Partner)
(Membership No. 054785)
UDIN: 22054785AGUABT5099

Place: Kolkata
Date: 11 April 2022

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of Kesoram Industries Limited (hereinafter referred to as "Parent") and its subsidiary company, which includes internal financial controls over financial reporting of its joint venture, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary company, its joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 the respective 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 internal financial controls over financial reporting of the Parent, its subsidiary company and its joint ventures, which are companies incorporated in India, 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company and joint venture, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary company and its joint ventures, which are companies incorporated in India.

**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 to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary company and its joint venture, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the respective companies 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.

**Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one (1) subsidiary company, and one (1) joint venture, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Deloitte Haskins & Sells
Chartered Accountants

**Deloitte**
**Haskins & Sells**

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 302009E)

**Abhijit Bandyopadhyay**
(Partner)
(Membership No. 054785)
UDIN: 22054785AGUABT5099

Place: Kolkata
Date: 11 April 2022

**Kesoram Industries Limited**
**Consolidated Balance Sheet as at 31st March,2022**

**(All amounts in Rupees crores, unless otherwise stated)**

| Particulars | Notes | 31-Mar-22 | 31-Mar-21 |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Non-current assets** | | | |
| (a) Property, plant and equipment | 3 | 1,970.05 | 2,045.07 |
| (b) Right of use Assets | 3A | 33.68 | 33.98 |
| (c) Capital work-in-progress | 4A | 48.95 | 32.81 |
| (d) Other intangible assets | 4 | 1.10 | 1.69 |
| (e) Equity accounted investments | 5 | - | - |
| (f) Financial assets | | | |
| (i) Investments | 6 | 73.84 | 77.42 |
| (ii) Loans | 7 | - | - |
| (iii) Other financial assets | 8 | 18.04 | 7.59 |
| (g) Income tax asset (net) | | 5.00 | 7.05 |
| (h) Deferred tax assets (net) | 18 | 272.45 | 261.62 |
| (i) Other non-current assets | 9 | 13.81 | 5.54 |
| **Total non-current assets** | | **2,436.92** | **2,472.77** |
| **(2) Current assets** | | | |
| (a) Inventories | 10 | 180.43 | 137.21 |
| (b) Financial assets | | | |
| (i) Trade receivables | 11 | 320.26 | 304.93 |
| (ii) Cash and cash equivalents | 12 | 121.96 | 97.45 |
| (iii) Other bank balances | 13 | 57.21 | 14.49 |
| (iv) Loans | 7 | 135.45 | 132.08 |
| (v) Other financial assets | 8 | 22.75 | 13.28 |
| (c) Other current assets | 9 | 158.00 | 59.29 |
| **Total current assets** | | **996.06** | **758.73** |
| **Total assets** | | **3,432.98** | **3,231.50** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 14 (a) | 244.41 | 164.81 |
| (b) Share application money pending allotment | 14 (b) | 1.06 | |
| (c) Other equity | 14 (b) | 265.14 | 32.67 |
| **Total equity** | | **510.61** | **197.48** |
| **Liabilities** | | | |
| **(1) Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 15 | 1,732.50 | 1,941.07 |
| (ii) Lease Liability | | 1.69 | 5.72 |
| (ii) Other financial liabilities | 16 | 87.21 | 74.27 |
| (b) Provisions | 17 | 28.18 | 28.00 |
| (c) Other Non-current liabilities | 19 | 0.41 | 0.37 |
| **Total non-current liabilities** | | **1,849.99** | **2,049.43** |
| **(2) Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 15 | 162.15 | 77.26 |
| (ii) Lease Liability | | 5.66 | 11.99 |
| (iii) Trade payables | 20 | | |
| Total outstanding dues of micro enterprises and small | | 28.45 | 26.12 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 560.41 | 556.70 |
| (iv) Other financial liabilities | 16 | 81.82 | 57.61 |
| (b) Provisions | 17 | 17.48 | 34.19 |
| (c) Income tax liabilities (net) | | 0.20 | 0.20 |
| (d) Other current liabilities | 19 | 216.21 | 220.52 |
| **Total current liabilities** | | **1,072.38** | **984.59** |
| **Total liabilities** | | **2,922.37** | **3,034.02** |
| **Total equity and liabilities** | | **3,432.98** | **3,231.50** |
| **Notes forming part of the Financial Statements** | 1 - 45 | | |

In terms of our report attached

For and on behalf of the Board of Directors

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

**Manjushree Khaitan**
*Chairman*

**Abhijit Bandyopadhyay**
Partner

**Suresh Sharma**
*Chief Financial Officer*

**P Radhakrishnan**
*Whole-time Director & CEO*

Place: Kolkata
Date : 11th April, 2022

**Raghuram Nath**
*Company Secretary*

Deloitte Haskins & Sells Chartered Accountants

KESORAM INDUSTRIES LTD. Kol-1

**Kesoram Industries Limited**
**Consolidated Statement of Profit and Loss for the year ended 31 March 2022**

(All amounts in Rupees crores, unless otherwise stated)

| | Particulars | Note No. | 2021-2022 | 2020-2021 |
|---|---|---|---|---|
| I | Revenue from operations | 21 | 3,605.88 | 2,652.77 |
| II | Other income | 22 | 36.59 | 72.16 |
| III | **Total Income (I+II)** | | **3,642.47** | **2,724.93** |
| IV | **Expenses:** | | | |
| | (a) Cost of materials consumed | 23 | 392.54 | 325.49 |
| | (b) Changes in inventories of finished goods, work-in-progress and stock- | 24 | (14.43) | 33.38 |
| | (c) Power & Fuel | | 1,138.85 | 647.62 |
| | (d) Packing, Carriage and Shipping | | 1,063.83 | 810.85 |
| | (e) Employee benefit expense | 25 | 183.36 | 215.55 |
| | (f) Depreciation and amortisation expense | 26 | 111.76 | 117.96 |
| | (g) Finance costs | 27 | 501.69 | 275.80 |
| | (h) Other expenses | 28 | 329.73 | 244.34 |
| | **Total Expenses** | | **3,707.33** | **2,670.99** |
| V | **Profit/(Loss) before exceptional items and tax (III-IV)** | | **(64.86)** | **53.94** |
| VI | **Exceptional Items** | 29 | (22.35) | (220.88) |
| VII | **Loss before tax (V+VI)** | | **(87.21)** | **(166.94)** |
| VIII | **Tax expense:** | 30 | | |
| | (1) Current tax charge / (credit) (in respect of earlier year) | | - | (43.87) |
| | (2) Deferred tax charge / (credit) | | (9.87) | (263.18) |
| IX | **Profit/(Loss) for the year (VII-VIII)** | | **(77.34)** | **140.11** |
| X | **Other Comprehensive Income** | | | |
| | **Items that will not be reclassified to Profit or Loss (net)** | | | |
| | Remeasurement of post-employment benefit plans | | 3.59 | 3.85 |
| | Fair value changes of investments in equity shares | | (2.25) | 7.90 |
| | Tax relating to items that will not be reclassified to the statement of Profit and Loss | | 0.96 | (1.57) |
| | **Total other comprehensive income/(loss)** | | **2.30** | **10.18** |
| XI | **Total comprehensive income/(loss) for the year (IX+X)** | | **(75.04)** | **150.29** |
| XII | **Earnings per share** | 31 | | |
| | Basic (Rs.) | | (3.86) | 8.84 |
| | Diluted (Rs.) | | (3.86) | 8.84 |
| XIII | **Notes forming part of the Financial Statements** | 1 - 45 | | |

In terms of our report attached

For and on behalf of the Board of Directors

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

**Abhijit Bandyopadhyay**
Partner

**Manjushree Khaitan**
*Chairman*

**Suresh Sharma**
*Chief Financial Officer*

**P Radhakrishnan**
*Whole-time Director & CEO*

**Raghuram Nath**
*Company Secretary*

Place: Kolkata
Date : 11th April, 2022

Deloitte Haskins & Sells Chartered Accountants

KESORAM INDUSTRIES LTD. Kol-1

**Kesoram Industries Limited**
**Consolidated statement of Cash Flows for the year ended 31st March, 2022**

**(All amounts in Rupees crores, unless otherwise stated)**

| Particulars | Year ended 31-Mar-22 | Year ended 31-Mar-21 |
|---|---|---|
| **A. Cash Flow From Operating Activities** | | |
| Net Profit/(Loss) before tax | (87.21) | (166.94) |
| Adjustments for: | | |
| Depreciation and amortisation | 111.76 | 117.96 |
| Advance/deposits written off | - | - |
| Provision for bad and doubtful debts (written back) | 0.84 | 3.02 |
| Inventory provision w/off | - | 4.05 |
| Capital Work-in-Progress written off | 0.31 | - |
| Provision for doubtful advances | 1.63 | - |
| Finance costs | 501.69 | 275.80 |
| Exchange loss/(gain) on foreign currency fluctuation | (1.09) | (0.00) |
| Exceptional Items | - | 220.88 |
| Loss on sale of property, plant and equipment (Net) | 0.15 | (0.27) |
| Liabilities/Provision no longer required written back | (17.93) | (4.75) |
| Interest income | (16.57) | (55.04) |
| Dividend income from long term investment (other than trade) | (0.02) | (0.02) |
| **Operating profit/(loss) before working capital changes** | **494.56** | **394.69** |
| **Changes in Working Capital:** | | |
| Increase / (decrease) in Non Current /Current financial and other liabilities/provisions | (40.09) | (13.62) |
| (Increase) / decrease in Non Current /Current financial and other assets | (89.32) | (143.82) |
| (Increase) / decrease in inventories | (43.24) | 20.95 |
| **Cash Generated from Operations** | **321.91** | **258.20** |
| Direct Taxes paid (net of refunds) | 2.00 | 0.65 |
| **Net cash generated from operating activities** | **323.91** | **258.85** |
| **B. Cash flow from Investing Activities:** | | |
| Purchase of property, plant and equipment/Capital Advance given | (35.62) | (27.86) |
| Proceeds from sale of property, plant and equipment (ROU) | 0.70 | 1.65 |
| Loan to body corporate | (18.56) | (126.56) |
| Repayment of Loan by body corporate | 20.29 | 0.27 |
| Proceeds from sale of Non Current investments | - | - |
| Interest received | 16.24 | 6.06 |
| Deposit made with bank | (46.37) | (3.99) |
| Dividend income from long term investment (other than trade) | 0.02 | 0.02 |
| **Net cash used in investing activities** | **(63.30)** | **(150.41)** |
| **C. Cash flow from Financing Activities** | | |
| Proceeds from Issue of Equity Shares [**] | 334.05 | - |
| Finance cost paid | (255.09) | (483.50) |
| Payment of Lease obligations | (14.44) | (14.44) |
| Proceeds from | | |
| - Long term borrowings | 31.70 | 2,240.81 |
| - Short term borrowings | 52.85 | 268.97 |
| Repayment of | | |
| - Long term borrowings | (372.28) | (1,307.74) |
| - Short term borrowings | (1.45) | (503.46) |
| **Net cash (used in)/generated from financing activities** | **(224.36)** | **200.64** |
| Net decrease in cash and cash equivalents | **36.25** | **309.08** |
| Add: Adjustment on account of loan settlement through issue of Equity Shares & OCRPS | - | 66.30 |
| Cash and cash equivalents at the beginning of the year | 97.45 | 9.65 |
| Less: Cash credits at the beginning of the year | (11.74) | (299.32) |
| **Adjusted cash & cash equivalents at the beginning of the year** | **85.71** | **(223.37)** |
| Adjusted cash & cash equivalents at the end of the year | **121.96** | **85.71** |

** Net proceeds of Rs 334.05 crores is after netting of share issue expense [excluding GST] of Rs 11.83 crores and conversion of ICD and accrued interest on ICD amounting to Rs 54.13 crores

KESORAM INDUSTRIES LTD.

Deloitte Haskins & Sells Chartered Accountants

**Kesoram Industries Limited**
**Consolidated statement of Cash Flows for the year ended 31st March, 2022**

(All amounts in Rupees crores, unless otherwise stated)

| | Year ended 31-03-2022 | Year ended 31-03-2021 |
|---|---|---|
| **Cash and Cash Equivalents comprise :** | | |
| Cash on hand | 0.06 | 0.03 |
| Balances with banks on current account | 103.23 | 73.49 |
| Balances with banks on Cash Credit Accounts | 2.96 | - |
| Deposit with original maturity for less than three months | 15.71 | 23.93 |
| Cash credits at the end of the year | - | (11.74) |
| | **121.96** | **85.71** |

* Amount is below the rounding of norm adopted by the Group

**Notes:**

1. The above cash flow statement has been prepared under the Indirect Method as set out in Ind AS - 7 "Statement of Cash Flows".

2 Disclosure for non-cash transactions

| | 31-03-2022 | 31-03-2021 |
|---|---|---|
| Issue of Equity shares for settlement of loan | - | 144.44 |
| Issue of Optionally Convertible Redeemable Preference Shares for settlement of loan (recognised at fair value of Rs 74.07 crores) | - | 448.97 |
| Issue of equity shares to Manav Investment & Trading Co Ltd against loan received | 54.13 | - |
| **Total** | **54.13** | **593.41** |

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

**Abhijit Bandyopadhyay**
Partner

Place: Kolkata
Date : 11th April, 2022

For and on behalf of the Board of Directors

**Manjushree Khaitan**
*Chairman*

**Suresh Sharma**
*Chief Financial Officer*

**P Radhakrishnan**
*Whole-time Director & CEO*

**Raghuram Nath**
*Company Secretary*

Deloitte Haskins & Sells Chartered Accountants

KESORAM INDUSTRIES LTD. Kol-1

**Kesoram Industries Limited**
**Consolidated Statement of changes in Equity for the year ended 31st March 2022**

(All amounts in Rupees crores, unless otherwise stated)

**A. Equity share capital ***

**As on 31st March, 2022**

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|---|---|
| 164.81 | | 164.81 | 79.60 | 244.41 |

**As on 31st March, 2021**

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|---|---|
| 142.59 | - | 142.59 | 22.22 | 164.81 |

*Refer Note 14 (a)

**B. Other equity**

| Particulars | Notes | Share application money pending allotment | Securities Premium | Capital reserve - Development grant / subsidy | Capital reserve - amalgamation reserve | Capital reserve - business combination | Capital Redemption Reserve | General reserve | Others | Retained earnings | FVOCI - equity instruments ^ | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 01 April 2021** | | - | 923.49 | 0.15 | 2.91 | 41.51 | 3.59 | 224.00 | 7.31 | (1,226.38) | 56.09 | 32.67 |
| Changes in accounting policy or prior period item | | | - | - | - | - | - | - | - | - | | - |
| **Restated balance at the beginning of the current reporting period** | | - | **923.49** | **0.15** | **2.91** | **41.51** | **3.59** | **224.00** | **7.31** | **(1,226.38)** | **56.09** | **32.67** |
| Profit/(Loss) for the year | | - | | - | - | - | - | - | - | (77.34) | - | (77.34) |
| Other comprehensive income/(expense) [net of tax] | | - | - | - | | - | - | - | - | 3.59 | (1.29) | 2.30 |
| Total comprehensive income for the year | | - | - | - | - | - | - | - | - | (73.75) | (1.29) | (75.04) |
| Issue of equity shares | 14 (b) | 1.06 | 307.50 | | - | - | - | - | - | | | 307.50 |
| **Balance as at 31 March 2022** | | **1.06** | **1,230.99** | **0.15** | **2.91** | **41.51** | **3.59** | **224.00** | **7.31** | **(1,300.13)** | **54.80** | **265.14** |

| Particulars | Notes | Share application money pending allotment | Securities Premium | Capital reserve - Development grant / subsidy | Capital reserve - amalgamation reserve | Capital reserve - business combination | Capital Redemption Reserve | General reserve | Others | Retained earnings | FVOCI - equity instruments ^ | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance at 01 April 2020 | | - | 801.27 | 0.15 | 2.91 | 41.51 | 3.59 | 224.00 | 7.31 | (1,368.77) | 48.19 | (239.84) |
| Changes in accounting policy or prior period item | | | | | | | | | | | | - |
| **Restated balance at the beginning of the current reporting period** | | | **801.27** | **0.15** | **2.91** | **41.51** | **3.59** | **224.00** | **7.31** | **(1,368.77)** | **48.19** | **(239.84)** |
| Profit/(Loss) for the year | | - | | - | - | - | - | - | - | 140.11 | - | 140.11 |
| Other comprehensive income/(expense) [net of tax] | | - | - | - | - | - | | - | - | 2.28 | 7.90 | 10.18 |
| **Total comprehensive income for the year** | | - | - | - | - | - | - | - | - | 142.39 | 7.90 | 150.29 |
| Issue of equity shares | 14 (b) | - | 122.22 | | - | - | - | - | - | - | | 122.22 |
| **Balance as at 31 March 2021** | | **0.00** | **923.49** | **0.15** | **2.91** | **41.51** | **3.59** | **224.00** | **7.31** | **(1,226.38)** | **56.09** | **32.67** |

^ represents gain on sale of shares transferred from Fair value through other comprehensive income (FVOCI) equity instruments to retained earnings.

The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.302009E)

**Abhijit Bandyopadhyay**
Partner

Place: Kolkata
Date : 11th April, 2022

For and on behalf of the Board of Directors

**Manjushree Khaitan**
*Chairman*

**Suresh Sharma**
*Chief Financial Officer*

**P Radhakrishnan**
*Whole-time Director & CEO*

**Raghuram Nath**
*Company Secretary*

KESORAM INDUSTRIES LTD. Kol-1

Deloitte Haskins & Sells Chartered Accountants

**Kesoram Industries Limited**
**Consolidated notes to Financial Statements for the year ended 31st March, 2022**

**1. Group Information**

The Consolidated financial statements comprises of the financial statements of Kesoram Industries Limited (the Holding Company) its joint venture and its subsidiary (collectively referred to as 'the Group'). The Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standard (Ind AS) 110 'Consolidated Financial Statements'.

The consolidated financial statements as at 31 March 2022 present the financial position of the Group.
The consolidated financial statements for the year ended 31 March 2022 were approved by the Board of Directors and authorised for issue on 11th April 2022.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

(i) Compliance with Ind AS

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The consolidated financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013 and presentation requirements of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable. The Group adopted Ind AS from 1 April 2017.

Up to the year ended 31 March 2017, the Group prepared its consolidated financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The date of transition to Ind AS is 1 April 2016.

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**2.2 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Group and entity controlled by the Group i.e. its subsidiary. It also includes the Group's share of profits, net assets and retained post acquisition reserves of joint arrangement that are consolidated using the equity method of consolidation, as applicable

Control is achieved when the Group is exposed to, or has rights to the variable returns of the entity and the ability to affect those returns through its power over the entity.

The results of subsidiary and joint arrangement acquired or disposed off during the year are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Wherever necessary, adjustments are made to the financial statements of subsidiaries and joint arrangements to bring their accounting policies in line with those used by other members of the Group.

Intra-group transactions, balances, income and expenses are eliminated on consolidation.

**2.3 Business combinations**

Acquisition of subsidiaries and businesses are accounted for using the purchase method. The consideration transferred in each business combination is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree.

Acquisition related costs are recognised in the consolidated statement of profit and loss.

Goodwill arising on acquisition is recognised as an asset and measured at cost, being the excess of the consideration transferred in the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities recognised. Where the fair value of the identifiable assets and liabilities exceed the cost of acquisition, after re-assessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve on consolidation.

Once control has been achieved, any subsequent acquisitions where the Group does not originally hold hundred percent interest in a subsidiary are treated as an acquisition of shares from non-controlling shareholders. The identifiable net assets are not subject to further fair value adjustments and the difference between the cost of acquisition of the non-controlling interest and the net book value of the additional proportion acquired is adjusted in equity. The amount of non-controlling interests in the acquiree is measured either at the non-controlling interests proportion of the net fair value of the assets, liabilities and contingent liabilities recognised or at fair value.

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interest method. The difference between any consideration transferred and the aggregate historical carrying values of assets and liabilities of the acquired entity are recognised in shareholder's equity.

KESORAM INDUSTRIES LTD. Kol

Deloitte Haskins & Sells Chartered Accountants

When a transaction or other event does not meet the definition of a business combination due to the asset or group of assets not meeting the definition of a business, it is termed an 'asset acquisition'. In such circumstances, the acquirer:

• identifies and recognises the individual identifiable assets acquired

• allocates the cost of the group of assets and liabilities to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

Such a transaction or event does not give rise to goodwill or a gain on a bargain purchase.

**2.4 Goodwill**

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred in the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit's value may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying value of each asset in the unit.

An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

**2.5 Interest in joint arrangements**

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity where the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control.

Joint arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as joint ventures. The Group reports its interests in joint ventures using the equity method of accounting whereby an interest in joint venture is initially recorded at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the joint venture. The consolidated statement of profit and loss reflects the Group's share of the results of operations of the joint venture.

**2.6 Property, plant and equipment**

a) Property, plant and equipment are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase cost, borrowing costs if capitalisation criteria are met and other directly attributable cost of bringing the assets to its working condition for intended use. The cost also comprises of exchange differences arising on translation /settlement of long term foreign currency monetary items pertaining to acquisition of such depreciable assets. Any trade discounts and rebates are deducted in arriving at the purchase price.

b) Subsequent expenditure related to an item of property, plant and equipment is added to its carrying amount only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.

c) Capital work in progress is stated at cost, [including borrowing cost, where applicable and adjustment for exchange difference referred to in Note 2.18 below] incurred during construction/installation period relating to items or projects in progress.

d) Losses arising from the retirement of and gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of profit and loss.

*e) Depreciation methods, estimated useful lives and residual value*

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

| Class of assets | Estimated useful life (in years) |
|---|---|
| Buildings | 3-60 Years |
| Plant and Equipment | 1-40 Years |
| Furniture and Fixtures | 1-16 Years |
| Office Equipment | 1-20 Years |
| Vehicles | 8-10 Years |
| Railway Siding | 15 Years |

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### 2.7 Intangible assets

Intangible property, plant and equipment are capitalised where it is expected to provide future enduring economic benefits and amortised on a straight line basis. Capitalisation costs include license fees and the cost of implementation/ system integration services. The Costs are capitalised in the year in which the relevant intangible asset is implemented for use.

| Class of assets | Estimated useful life (in years) |
|---|---|
| Software | 3 Years |

### 2.8 Impairment

Property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 2.9 Lease

Effective April 1, 2019, the Group had adopted Ind AS 116 – Leases using the modified retrospective method. Under modified retrospective approach, the Group had recorded lease liability at the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17. The weighted average incremental borrowing rate for leases initially recognised upon the first-time application of Ind AS 116 was 13.21%. The Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics. The adoption of Ind AS 116 did not had any material impact on Statement of Profit and Loss and earnings per share in the previous year.

The Group, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Group has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term. When the lease liability is remeasured due to change in contract terms, a corresponding change is made to the carrying amount of right-of-use asset, or is recorded in the profit and loss account if the carrying amount of right-of-use asset is reduced to zero.

As a lessor:

In respect of assets given on operating lease, the lease rental income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. There is no change in accounting as a lessor due to adoption of Ind AS 116 Leases.

### 2.10 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined on weighted average / first-in, first-out (FIFO) basis, as considered appropriate by the Group. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Provision is made for obsolete/slow moving/defective stocks, wherever necessary.

### 2.11 Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

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**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

**(a) Financial assets**

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**Other bank balances**

Other bank balances include deposits with maturity less than twelve months but greater than three months and balances and deposits with banks that are restricted for withdrawal and usage.

**Financial assets at amortised cost**

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

**Financial assets measured at fair value**

Financial assets are measured at 'Fair value through other comprehensive income' (FVOCI) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these 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.

The Group in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Group on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at 'Fair value through the statement of profit and loss' (FVPL).

**Impairment of financial assets**

The Group assesses on a forward looking basis the 'Expected credit losses' (ECL) associated with its assets carried at amortised cost and FVOCI debt instruments. The Group recognises loss allowance for expected credit losses on financial asset.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**De-recognition of financial assets**

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**(b) Financial liabilities and equity instruments**
**Classification as debt or equity**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

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**Financial Liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

**Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:
• it has been acquired principally for the purpose of repurchasing it in the near term; or
• on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
• it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
• it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "finance cost" line item (note 27) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are recognised in retained earnings.

**Financial liabilities at amortised cost**

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss

**De-recognition of financial liabilities**

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**Derivative financial instruments**

In the ordinary course of business, the Group uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

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### 2.12 Employee Benefits

**Defined contribution plans**

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

**Defined benefit plans**

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.
The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets.

**Compensated absences**

Accumulated compensated absences which are expected to be availed or encashed within twelve months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlements as at the year end.

Accumulated compensated absences which are expected to be availed or encashed beyond twelve months from the year end are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial loss/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

**Ind AS 19 – Plan Amendment, Curtailment or Settlement:**
The amendment require an entity to use updated assumptions to determine current service costs and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and to recognize in the Statement of Profit and Loss as part of past service cost, or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The adoption of the standard did not have any material impact to the financial statements.

### 2.13 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

### 2.14 Provision and Contingent Liabilities

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

*Provision for restoration and environmental costs*

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. Costs arising from restoration at closure of the mines and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the Statement of Profit and Loss.

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*Provision for warranty*

The estimated liability for warranty is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions on product failure. The timing of outflows will vary as and when the obligation will arise - being typically up to five years.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**2.15 Non-current assets (or disposal groups) held for sale**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

**2.16 Taxes on Income**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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**2.17 Revenue Recognition**

Revenue shall be recognised 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 and services.

**(a) Sales of goods**

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations may be satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognised as per the term of relevant contractual agreements / arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due, which are otherwise recorded as contract assets.

**(b) Interest income**

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

**(c) Dividend income**

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

**(d) Rental income**

Rental income from investment properties and subletting of properties is recognised on a time proportion basis over the term of the relevant leases.

**(e) Unfulfilled performance obligations**

The Group provides certain benefits to customers for purchasing products from the Group. These provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide such benefits to the customer is a separate performance obligation. The transaction price is allocated to the product and the benefit to be provided on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the on the basis of providing cost of such benefits. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence. To the extent these benefits are not settled/disbursed till the end of a reporting period these are recorded.
A contract liability is recognised until the benefit is provided.

**2.18 Borrowing Costs**

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Premium in the form of fees paid on refinancing of loans are accounted for as an expense over the life of the loan using effective interest rate method. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

**2.19 Foreign currency transactions and translations**

*Functional and presentation currency*

The consolidated financial statements of the Group are presented in Indian rupees (INR), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

*Transactions and balances*

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates. Gains/losses arising out of fluctuations in the exchange rates are recognised in the statement of profit and loss in the period in which they arise.

**2.20 Research and Development Expenditure**

Revenue Expenditure on Research and Development is charged to the Statement of Profit and Loss in the year in which it is incurred and Capital Expenditure relating to Research and Development are included in property, plant and equipment.

**2.21 Earnings per share**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year

*(ii) Diluted earnings per share*

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

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

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**2.22 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors has been identified as the chief operating decision maker. Refer note 38 for segment information presented. The company accounts for intersegment sales and transfers at cost.

**2.23 Use of estimates and critical accounting judgements**

In preparation of the consolidated financial statements, the Group makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets and investments, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies, measurement of lease liability and Right to Use Asset.

**2.20 Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

**Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies the treatment of any cost or fees incurred by an entity in the process of derecognition of financial liability in case of repurchase of the debt instrument by the issuer. The Group does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 106 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements.

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Notes forming part of consolidated financial statements

(All amounts in Rupees crores, unless otherwise stated)

Note 3: Property, plant and equipment

| Particulars | GROSS BLOCK - AT COST | | | | DEPRECIATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01-Apr-21 | Additions during the Year | Deletion during the Year | As at 31-Mar-22 | Upto 01-Apr-21 | Provided during the Year | Deletion during the Year | Upto 31-Mar-22 | As at 31-Mar-22 |
| Land : | | | | | | | | | |
| - Freehold | 745.14 | - | - | 745.14 | - | - | - | - | 745.14 |
| Buildings | 411.92 | - | - | 411.92 | 74.25 | 14.55 | - | 88.80 | 323.12 |
| Plant and Equipments | 1,348.27 | 20.83 | 2.02 | 1,367.08 | 409.21 | 77.10 | 1.45 | 484.86 | 882.22 |
| Furniture and Fixtures | 9.64 | 0.13 | 0.04 | 9.73 | 4.94 | 0.86 | 0.03 | 5.77 | 3.96 |
| Office Equipment | 6.72 | 1.26 | 0.11 | 7.87 | 4.64 | 0.97 | 0.08 | 5.53 | 2.34 |
| Vehicles | 14.83 | 0.22 | 0.93 | 14.12 | 8.25 | 1.51 | 0.70 | 9.06 | 5.06 |
| Railway Siding | 17.47 | - | - | 17.47 | 7.73 | 1.63 | - | 9.36 | 8.11 |
| Bearer plant | 0.10 | - | - | 0.10 | - | - | - | - | 0.10 |
| Total | 2,554.09 | 22.44 | 3.10 | 2,573.43 | 509.02 | 96.62 | 2.26 | 603.38 | 1,970.05 |

| Particulars | GROSS BLOCK - AT COST | | | | DEPRECIATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01-Apr-20 | Additions during the Year | Deletion during the Year | As at 31-Mar-22 | Upto 01-Apr-20 | Provided during the Year | Deletion during the Year | Upto 31-Mar-22 | As at 31-Mar-22 |
| Land : | | | | | | | | | |
| - Freehold | 745.14 | - | - | 745.14 | - | - | - | - | 745.14 |
| Buildings | 411.92 | - | - | 411.92 | 59.68 | 14.57 | - | 74.25 | 337.66 |
| Plant and Equipments | 1,345.35 | 6.57 | 3.64 | 1,348.27 | 331.34 | 80.89 | 3.02 | 409.21 | 939.06 |
| Furniture and Fixtures | 9.65 | 0.02 | 0.02 | 9.64 | 4.01 | 0.94 | 0.01 | 4.94 | 4.70 |
| Office Equipment | 5.79 | 1.11 | 0.18 | 6.72 | 3.97 | 0.84 | 0.17 | 4.64 | 2.08 |
| Vehicles | 17.02 | 0.60 | 2.79 | 14.83 | 8.31 | 2.02 | 2.07 | 8.25 | 6.58 |
| Railway Siding | 17.47 | - | - | 17.47 | 6.10 | 1.63 | - | 7.73 | 9.74 |
| Bearer plant | 0.10 | - | - | 0.10 | - | - | - | - | 0.10 |
| Total | 2,552.44 | 8.30 | 6.63 | 2,554.09 | 413.41 | 100.89 | 5.27 | 509.02 | 2,045.07 |

(i) Refer note 15 for Property, plant and equipment pledged as security.

(ii) Contractual obligations
Refer to note 33 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) All the title deeds for the immoveable property are in the name of the Company

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(All amounts in Rupees crores, unless otherwise stated)

**Note 3A: Right to Use Asset**

| Particulars | GROSS BLOCK - AT COST | | | | AMORTISATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | 01-Apr-21 | Additions during the Year | Deletion during the Year | As at 31-Mar-22 | 01-Apr-21 | Provided during the Year | Deletion during the Year | Upto 31-Mar-22 | As at 31-Mar-22 |
| Leasehold Land | 24.60 | 11.98 | - | 36.58 | 6.63 | 2.33 | - | 8.96 | 27.62 |
| Building | 8.03 | 0.91 | 0.49 | 8.45 | 4.97 | 1.38 | 0.43 | 5.92 | 2.53 |
| Vehicle | 3.25 | 1.40 | 0.06 | 4.59 | 2.02 | 1.58 | 0.03 | 3.57 | 1.02 |
| Plant & Machinery | 24.07 | - | - | 24.07 | 12.35 | 9.21 | - | 21.56 | 2.51 |
| | **59.95** | **14.29** | **0.55** | **73.69** | **25.97** | **14.50** | **0.46** | **40.01** | **33.68** |

| Particulars | GROSS BLOCK - AT COST | | | | AMORTISATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | 01-Apr-20 | Additions during the Year | Deletion during the Year | As at 31-Mar-21 | 01-Apr-20 | Provided during the Year | Deletion during the Year | Upto 31-Mar-21 | As at 31-Mar-21 |
| Leasehold Land | 8.41 | 16.19 | - | 24.60 | 0.35 | 6.28 | - | 6.63 | 17.97 |
| Building | 6.84 | 1.76 | 0.57 | 8.03 | 2.93 | 2.24 | 0.20 | 4.97 | 3.06 |
| Vehicle | 1.68 | 1.57 | - | 3.25 | 1.03 | 0.99 | - | 2.02 | 1.23 |
| Plant & Machinery | 20.02 | 4.05 | - | 24.07 | 4.99 | 7.36 | - | 12.35 | 11.72 |
| | **36.95** | **23.57** | **0.57** | **59.95** | **9.30** | **16.87** | **0.20** | **25.97** | **33.98** |

**Note 4: Other Intangible Asset**

| Particulars | GROSS BLOCK - AT COST | | | | AMORTISATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01-Apr-21 | Additions during the Year | Deletion during the Year | As at 31-Mar-22 | Upto 01-Apr-21 | Provided during the Year | Deletion during the Year | Upto 31-Mar-22 | As at 31-Mar-22 |
| Software | 3.06 | | 0.64 | 2.42 | 1.37 | 0.64 | 0.69 | 1.32 | 1.10 |
| | **3.06** | **-** | **0.64** | **2.42** | **1.37** | **0.64** | **0.69** | **1.32** | **1.10** |

| Particulars | GROSS BLOCK - AT COST | | | | AMORTISATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01-Apr-20 | Additions during the Year | Deletion during the Year | As at 31-Mar-21 | Upto 01-Apr-20 | Provided during the Year | Deletion during the Year | Upto 31-Mar-21 | As at 31-Mar-21 |
| Software | 1.27 | 1.79 | - | 3.06 | 1.17 | 0.20 | - | 1.37 | 1.69 |
| | **1.27** | **1.79** | **-** | **3.06** | **1.17** | **0.20** | **-** | **1.37** | **1.69** |

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**Note 4A: Capital Work-in-Progress**

(All amounts in Rupees crores, unless otherwise stated)

| Particulars | As on 31st March 2022 | | | | | As on 31st March 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | < 1 year | 1-2 years | 2-3 years | More than 3 years | Total | < 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| - Projects in progress | 19.73 | 3.83 | 2.54 | 12.70 | 38.80 | 4.91 | 4.38 | 7.32 | 10.04 | 26.65 |
| - Projects temporarily suspended [Note 4A.2] | 0.04 | 1.16 | 1.61 | 7.34 | 10.15 | 0.16 | 0.56 | 1.58 | 3.86 | 6.16 |
| **Total** | **19.77** | **4.99** | **4.15** | **20.04** | **48.95** | **5.07** | **4.94** | **8.90** | **13.90** | **32.81** |

**Note 4A.1: Capital Work-in-Progress whose completion is overdue or has exceeded its cost compared to its original plan**

| Particulars | As on 31st March 2022 To be Completed In | | | | | As on 31st March 2021 To be Completed In | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | < 1 year | 1-2 years | 2-3 years | More than 3 years | Total | < 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| - Limestone Crushing Plant | - | - | - | - | - | 3.05 | - | - | - | 3.05 |
| - Railway Sleepers | 3.79 | - | - | - | 3.79 | 3.79 | - | - | - | 3.79 |
| - Injepally Village Shifting Exp. | 11.78 | - | - | - | 11.78 | 6.25 | - | - | - | 6.25 |
| - Others | 0.35 | 1.25 | - | - | 1.60 | 0.35 | - | 1.16 | - | 1.51 |
| **Total** | **15.92** | **1.25** | **-** | **-** | **17.17** | **13.44** | **-** | **1.16** | **-** | **14.60** |

The delay in completion of the above projects is mainly due to the pandemic situation which was prevailing in the past two years and the Group has reassessed the completion of the projects.

**Note 4A.2: Details of Projects temporarily suspended**

| Particulars | As on 31st March 2022 | As on 31st March 2021 |
|---|---|---|
| CRM Web Appliation Development | - | 0.16 |
| Railway Track Shifting | 0.60 | 0.60 |
| LSSR Shed Extension | 0.01 | 0.11 |
| Acid Absorption Crystallizer | 3.80 | 0.78 |
| New electrical changeover system | 2.04 | 2.04 |
| Upgradation of TP Line | 2.41 | 2.04 |
| Others | 1.29 | 0.43 |
| **Total** | **10.15** | **6.16** |

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**Note 5: Equity accounted investments**
**Joint venture:**

(i) The Group holds 45.46% of the total equity share capital and voting rights in Gondhkari Coal Mining Limited. The decisions in respect of activities which significantly affect the risks and rewards of these respective entities, however require an unanimous consent of all the shareholders. These entities have therefore been accounted for as joint ventures.

(ii) The Group has no material joint venture as at 31 March 2022. The summarised financial information in respect of the Group's immaterial joint venture that is accounted for using the equity method is as below:

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Carrying value of the Group's interest in joint venture: | - | - |

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| Group's share of profit/(loss) in joint venture | - | - |
| Group's share of other comprehensive income in joint venture | - | - |
| **Group's share of total comprehensive income in joint venture** | - | - |

(iii) Share of unrecognised losses in respect of equity accounted joint venture amounted to Rs 0.01 crore for the year ended 31 March 2022 (2020-21: Rs. 0.01 crore). Cumulative shares of unrecognised losses in respect of equity accounted joint ventures as at 31 March 2022 is Rs 0.58 crore (31 March 2021: Rs. 0.57 crore).

(iv) The Group has fully impaired its equity accounted joint venture.

**Financial Assets**

**Note 6: Investments**

| Particulars | Face value | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **A. Investments carried at fair value through other comprehensive income:** | | | |
| **Investments in Equity shares** | | | |
| *(i) Quoted* | | | |
| 496,100 ( 31 March, 2021: 496,100) shares of HGI Industries Ltd. $ | 10 | 0.00 * | 0.00 * |
| 4,996,986 ( 31 March, 2021: 4,996,986) shares of Kesoram Textile Mills Limited # | 2 | 20.18 | 20.18 |
| | | **20.18** | **20.18** |
| *(ii) Unquoted* | | | |
| 30,000 ( 31 March, 2021: 30000) shares of Birla Buildings Ltd | 10 | 48.40 | 52.28 |
| 10,000 ( 31 March, 2021: 10,000) shares of Coromandel Stampings & Stones Ltd $ | 10 | 0.00 * | 0.00 * |
| 143,000 ( 31 March, 2021: 143,000) shares of Kesoram Services Limited (Erstwhile Kesoram Insurance Broking Services Ltd) | 10 | 1.06 | 1.03 |
| 10,455 ( 31 March, 2021: 10,455) shares of Calcutta Stock Exchange Association Ltd | 1 | - | - |
| 10 ( 31 March, 2021: 10) shares of Meghdoot Co-operative Housing Society Ltd $ | 100 | 0.00 * | 0.00 * |
| 7,231 ( 31 March, 2021: 7,231) shares of Padmavati Investment Ltd | 10 | 3.65 | 3.36 |
| 18,800 ( 31 March, 2021: 18,800) shares of Vasavadatta Services Ltd | 10 | 0.54 | 0.56 |
| | | **53.65** | **57.23** |
| **B. Investments carried at amortised cost:** | | | |
| NSC savings certificate ^ | | 0.01 | 0.01 |
| | | **0.01** | **0.01** |
| **Total Investments** | | **73.84** | **77.42** |

(i) The carrying value and market value of quoted and unquoted investments are as below:

| | | |
|---|---|---|
| **(a) Quoted** | | |
| Carrying value | 20.18 | 20.18 |
| Market value | 20.18 | 20.18 |
| **(b) Unquoted** | | |
| Carrying value | 53.66 | 57.24 |

# market values in cases of some quoted investments are not available, hence the fair value has been considered as market values in such
$ cost of these equity instruments have been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

^ pledged with govt authorities.

* Amount is below the rounding of norm adopted by the Group

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**Note 7: Loans**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **A. Non-current** | | |
| *Credit impaired* | | |
| (a)Loan to related parties | 7.11 | 7.11 |
| Less: Allowance for credit loss | (7.11) | (7.11) |
| | | - |
| (b)Loan to others [Refer Note (a) below] | 519.67 | 498.22 |
| Less: Impairment Loss on Loan to Body Corporate | (519.67) | (498.22) |
| | - | - |
| | - | - |
| **B. Current** | | |
| *Unsecured, considered good* | | |
| (a)Loan to employees | 0.53 | 0.04 |
| (b)Loan to others | 134.95 | 132.04 |
| | 135.48 | 132.08 |

**Note:**
(a) Loan has been provided to Birla Tyres Limited, a body corporate, pursuant to the scheme of arrangement and post demerger is repayable on demand and carrying an interest rate of 5.93% p.a. During the current year, the parent company has accounted for Rs 26.45 crores as interest income on this loan which has been provided for on prudent basis as the particular asset is already impaired.

(b) Loans & Advances granted to Promoters, Directors, KMPs & Related Parties

| Type of Borrower | Amount of loan or advance in the nature of loan outstanding | | Percentage to the total loans and advances in the nature of loans | |
|---|---|---|---|---|
| | 31st March, 2022 | 31st March, 2021 | 31st March, 2022 | 31st March, 2021 |
| -Promoters | NA | NA | | NA |
| -Directors | NA | NA | | NA |
| -KMPs | NA | NA | | NA |
| **-Related Parties** | | | | |
| (a) Loan to joint venture company (*)- without specifying any terms or period of repayment | | - | | |
| (b) Loan to body corporate controlled by KMP- without specifying any terms or period of repayment | 1.23 | 1.10 | 0.19% | 0.18% |

* Loan of Rs 7.11 crores given to Joint Venture has been fully provided for

**Note 8: Other financial assets**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Non-current** | | |
| Deposit with original maturity for more than 12 months ^ | 7.55 | 4.11 |
| Security deposits | 10.05 | 3.42 |
| Interest accrued on deposits | 0.44 | 0.06 |
| | 18.04 | 7.59 |
| **Current** | | |
| Security deposits | 9.69 | 4.12 |
| Balance with body corporates | 10.63 | 10.63 |
| Less: Allowances for doubtful advances | (10.63) | (10.63) |
| Interest accrued on deposits | 0.17 | 0.11 |
| Others | 12.96 | 9.06 |
| | 22.75 | 13.28 |

^ Rs 4.10 crore (FY 2021-2022), 3.07 crore (FY 2020-2021), represents the deposits pledged for DSRA for secured borrowings (Refer note 15). Balance held as lien by bank against bank guarantees

* Held as lien by bank against bank guarantees.

**Note 9: Other assets**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Non-Current** | | |
| Capital advances | 11.83 | 3.83 |
| Prepaid expenses | 1.98 | 1.71 |
| | 13.81 | 5.54 |
| **Current** | | |
| Balance with statutory/government authorities | 15.36 | 17.83 |
| Prepaid expenses | 8.33 | 4.27 |
| Advance to vendors | 119.57 | 68.58 |
| Less: Allowances for doubtful advances | (32.61) | (32.61) |
| Receivable from Gratuity Fund (Refer Note 25) | 0.58 | |
| Claim Receivable * | 52.27 | 0.29 |
| Others | 2.58 | 0.88 |
| Less: Allowances for doubtful receivables | (1.68) | (0.13) |
| | 158.00 | 59.29 |

* Pursuant to Circular no 12 of 2017 (dated 30.03.2017) of the Ministry of Railways, the Company had entered into a Long Term Tariff Contract (LTTC) with the South Central Zonal Railways for a period of 5 years. Since the Company has complied with the terms of the Contract, it has accrued a Freight Rebate of 42.59 crores under Claims Receivable for FY 2021-22.

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**Note 10: Inventories**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Raw materials | 25.47 | 14.96 |
| Work-in-progress | 17.50 | 17.02 |
| Finished goods | 38.12 | 24.26 |
| Stock-in-trade | - | 0.06 |
| Stores and spare parts * | 99.34 | 80.91 |
| | 180.43 | 137.21 |
| **Included above, goods-in-transit:** | | |
| Raw materials | 7.04 | 1.48 |
| Finished goods | 15.94 | 5.43 |
| Stores and spare parts | 0.33 | 9.18 |
| | 23.31 | 16.09 |

* The stores & spares inventory balance is net of provision of Rs. 5.92 crores (31 March 2021: Provision of Rs. 4.05 crores) towards slow moving, non-moving and obsolete stock.

**Note 11: Trade receivables**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Current | | |
| Trade Receivables | | |
| (a) Secured, considered good | 30.32 | 28.56 |
| (b) Unsecured, considered good | 293.67 | 279.24 |
| Less: Allowance for Expected Credit Loss | (3.72) | (2.87) |
| (c) Credit impaired | 7.28 | 7.46 |
| Less: Allowance for credit impaired | (7.28) | (7.46) |
| | 320.26 | 304.93 |

| Aging of Trade Receivables | 31 March 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Outstanding for following periods from due date of Payments | | | | | |
| Particulars | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed Trade Receivables | | | | | | | |
| (i) Secured - considered good | 26.28 | 3.41 | - | - | - | 0.01 | 29.70 |
| (ii) Unsecured - considered good | 269.87 | 19.62 | 1.92 | 1.83 | 0.42 | 0.04 | 293.67 |
| Disputed Trade Receivables | | | | | | | |
| (i) Secured - considered good | - | - | - | 0.01 | 0.09 | 0.52 | 0.62 |
| (ii) Unsecured - credit impaired | - | - | 0.41 | 1.86 | 0.86 | 4.15 | 7.28 |
| **Total Debtors** | 296.15 | 23.03 | 2.33 | 3.67 | 1.37 | 4.72 | 331.27 |
| Less: Allowance for Loss | - | - | - | - | - | - | (11.01) |
| **Net Debtors** | 296.15 | 23.03 | 2.33 | 3.67 | 1.37 | 4.72 | 320.26 |

| Aging of Trade Receivables | 31 March 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Outstanding for following periods from due date of Payments | | | | | |
| Particulars | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed Trade Receivables | | | | | | | - |
| (i) Secured - considered good | 22.08 | 5.03 | 0.23 | 0.07 | 0.03 | - | 27.44 |
| (ii) Unsecured - considered good | 255.13 | 20.52 | 1.60 | 2.17 | 0.42 | - | 279.24 |
| Disputed Trade Receivables | | | | | | | |
| (i) Secured - considered good | - | 0.02 | 0.17 | 0.13 | 0.36 | 0.24 | 1.12 |
| (ii) Unsecured - credit impaired | - | 0.56 | 0.79 | 0.39 | 2.00 | 3.72 | 7.46 |
| **Total Debtors** | 277.21 | 26.13 | 2.39 | 2.76 | 2.81 | 3.96 | 315.26 |
| Less: Allowance for Loss | - | - | - | - | - | | (10.33) |
| **Net Debtors** | 277.21 | 26.13 | 2.39 | 2.76 | 2.81 | 3.96 | 304.93 |

**Note 12: Cash and cash equivalents**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 2.06 | 0.03 |
| **Balances with bank** | | |
| On Current accounts * | 103.23 | 73.49 |
| On Cash Credit Accounts | 2.96 | - |
| **Others** | | |
| Deposit with original maturity less than three months | 15.71 | 23.93 |
| | 121.96 | 97.45 |

* Includes one Bank Account which is pending to be transferred in the name of the subsidiary. However, closure for the same is under process.

**Note 13: Other bank balances**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Deposit with original maturity for more than three months but less than twelve months | 57.19 | 14.47 |
| On unpaid dividend accounts | 0.02 | 0.02 |
| | 57.21 | 14.49 |

| Deposits more than three months includes: | 31 March, 2022 | 31 March, 2021 |
|---|---|---|
| - Deposits pledged with the sales tax authorities | - | 0.01 |
| - Held as lien by bank against bank guarantees | 56.90 | 14.44 |

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**(All amounts in Rupees crores, unless otherwise stated)**

**Note 14: Equity share capital and other equity**

**Note 14 (a): Equity share capital**

**Authorised equity share capital**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| 60,00,00,000 Equity Shares of Rs. 10 each [2020-21: 60,00,00,000 shares] | 600.00 | 600.00 |
| 60,00,00,000 Equity Shares of Rs. 10 each [2020-21: 60,00,00,000 shares] | 600.00 | 600.00 |
| | **1,200.00** | **1,200.00** |

**Issued, subscribed and paid-up equity share capital**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| 24,40,24,163 Equity Shares of Rs. 10 each fully paid up (31 March 2021: 16,48,11,341 Equity Shares of Rs. 10 each fully paid up) | 244.02 | 164.81 |
| 7,84,933 Equity Shares of Rs. 5 each partly paid up (31 March 2021: Nil Equity Shares of Rs. 5 each fully paid up) | 0.39 | - |

*(i) Movement in equity share capital*

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 164.81 | 142.59 |
| Fresh shares issued | 79.60 | 22.22 |
| **Closing balance** | **244.41** | **164.81** |

a. During the financial year 2021-22, subscription for Rights issue of 7,99,97,753 equity shares of ₹ 10 each for cash at a premium of Rs 40 per share aggregating to Rs 399.99 crore was opened, on which Rs 25 per share was payable on application and remaining Rs 25 per share on first and final call within six months from the date of allotment. The issue was oversubscribed and allotment of the partly paid up equity shares of Rs 5 each was made on 21st October 2021 and the trading of the said partly paid up equity shares was available from 28th October, 2021 to 30th November 2021.
The first and final call for the aforesaid partly-paid up shares was made 3 times and the last date for payment was 16th March, 2022. First and final call money for 7,96,36,460 shares was received and the allotment for 7,92,12,822 was made till 31st March, 2022 and for 422,638 shares on 6th April 2022 . Out of the aforesaid allotted shares the trading of the 7,86,35,199 equity shares commenced by 31st March, 2022 and 5,78,551 shares on 4th April, 2022 and the balance 4,71,710 shares will take place in due course. For the remaining 3,62,295 partly paid up shares the Board Committee has decided to give a last and final reminder to the shareholders for payment of their first and final call money.
First and final call money on 422, 638 has been received which has been shown under share application money pending allotment of Rs 1.06 crores.
There is no deviation in use of proceeds from the objectives as stated in the Offer Document for rights issue.

b. During the previous year, the Company issued 2,22,21,962 Equity Shares face value of Rs 10 each to the previous lenders on a preferential basis on 8th March,2021 at the price determined in accordance with the applicable law @ Rs 65 per share (including securities premium of Rs 55 per share). Refer Note 29 (a).

**c. Utilisation of Proceeds from Rights Issue**
The proceeds from the rights issue [refer (a) above] have been utilised towards the object stated in the Offer Letter in the following manner:

| Particulars | Funds Utilised |
|---|---|
| Scheduled part redemption of NCDs | 55.00 |
| Conversion of ICD including interest for Manav Investment & Trading Co (net of TDS) to equity | 54.13 |
| Redemption of Optionally Convertible Debentures in part | 245.00 |
| General Corporate Purposes * | 33.13 |
| Issue Expenses (including GST) | 12.73 |
| **Total** | **399.99** |

** The above figure includes unutilised & unreceived amount of Rs 1.97 crores as on 31st March, 2022.*

*Terms and rights attached to equity shares*
The Group has two classes of equity shares having a par value of Rs. 10 per share and partly paid up shares of Rs 5 each. All shareholders for fully paid up equity shares are entitled to one vote per share and for partly paid up shares the voting rights considered are in proportion to the actual amount paid on those shares. The Group declares and pays dividend in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts, in the proportion to their shareholdings.

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*(ii) Details of shareholders holding more than 5% shares in the Group*

| Shareholder | 31 March 2022 | | 31 March 2021 | |
|---|---|---|---|---|
| | Number of shares | % holding | Number of shares | % holding |
| Manav Investment & Trading Co. Ltd | 5,43,19,456 | 22.26% | 3,39,66,691 | 20.61% |
| Pilani Investments and Industries Corporation Limited | 4,63,48,750 | 18.99% | 2,73,38,750 | 16.59% |
| Axis Bank Limited | 1,27,77,710 | 5.24% | 1,27,77,710 | 7.75% |
| | **11,34,45,916** | **46.49%** | **7,40,83,151** | **44.95%** |

*(iii) Details of shareholdings by the Promoter/ Promoter Group*

| Promoter/ Promoter Group Name | 31 March 2022 | | 31 March 2021 | | % Change during the year * |
|---|---|---|---|---|---|
| | Number of shares | % holding | Number of shares | % holding | |
| **Promoter** | | | | | |
| Manav Investment & Trading Co. Ltd | 5,43,19,456 | 22.26% | 3,39,66,691 | 20.61% | 59.92% |
| Pilani Investments and Industries Corporation Limited | 4,63,48,750 | 18.99% | 2,73,38,750 | 16.59% | 69.54% |
| Manjushree Khaitan (Chairman) | 10,69,723 | 0.44% | 7,20,158 | 0.44% | 48.54% |
| **Promoter Group** | | | | | |
| Century Textiles and Industries Ltd | 76,00,502 | 3.11% | 51,16,800 | 3.10% | 48.54% |
| Aditya Marketing and Manufacturing Pvt. Ltd. | 36,37,913 | 1.49% | 24,49,111 | 1.49% | 48.54% |
| Padmavati Investment Pvt. Ltd. | 28,20,948 | 1.16% | 18,99,115 | 1.15% | 48.54% |
| Birla Institute of Technology and Science | 15,15,806 | 0.62% | 15,15,806 | 0.92% | 0.00% |
| Birla Education Trust | 9,54,171 | 0.39% | 9,54,171 | 0.58% | 0.00% |
| Prakash Educational Society | 9,10,922 | 0.37% | 9,10,922 | 0.55% | 0.00% |
| Late Basant Kumar Birla | 5,97,868 | 0.25% | 4,02,496 | 0.24% | 48.54% |
| Birla Educational Institution | 3,62,643 | 0.15% | 3,62,643 | 0.22% | 0.00% |
| Vidula Jalan | 1,71,381 | 0.07% | 1,15,377 | 0.07% | 48.54% |
| Rajashree Birla | 4,827 | 0.00% | 3,250 | 0.00% | 48.52% |
| Vasavadotta Bajaj | 8,341 | 0.00% | 5,750 | 0.00% | 48.54% |
| Kumar Mangalam Birla | 445 | 0.00% | 300 | 0.00% | 48.33% |
| | **12,03,23,896** | **49.30%** | **7,57,61,340** | **45.96%** | **58.82%** |

* % change during the year has been computed on the basis of the no of shares at the beginning of the year.

**Note 14 (b): Other Equity**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Securities Premium | 1,230.99 | 923.49 |
| Capital reserve | | |
| (a) Development grant/subsidy | 0.15 | 0.15 |
| (b) Amalgamation reserve | 2.91 | 2.91 |
| (c) Capital reserve arising on business combination | 41.51 | 41.51 |
| Capital redemption reserve | 3.59 | 3.59 |
| General reserve | 224.00 | 224.00 |
| Fair value through other comprehensive income (FVOCI)- equity instruments | 54.80 | 56.09 |
| Others | 7.31 | 7.31 |
| Retained earnings | (1,300.12) | (1,226.38) |
| **Total Other Equity** | **265.14** | **32.67** |

**(i) Securities Premium**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 923.49 | 801.27 |
| Increase/(decrease) during the year [Refer Note 14(a)] | 307.50 | 122.22 |
| **Closing balance** | **1,230.99** | **923.49** |

**(ii) Capital reserve**

**(a) Development grant/subsidy**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 0.15 | 0.15 |
| Transfer pursuant to the scheme of arrangement | - | |
| **Closing balance** | **0.15** | **0.15** |

**(b) Amalgamation reserve**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 2.91 | 2.91 |
| Increase/(decrease) during the year | - | - |
| **Closing balance** | **2.91** | **2.91** |

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**(c) Capital reserve arising on business combination**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 41.51 | 41.51 |
| Increase/(decrease) during the year | - | - |
| **Closing balance** | **41.51** | **41.51** |

**(iii) Capital redemption reserve**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 3.59 | 3.59 |
| Increase/(decrease) during the year | - | - |
| **Closing balance** | **3.59** | **3.59** |

**(iv) General reserve**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 224.00 | 224.00 |
| Increase/(decrease) during the year | - | - |
| **Closing balance** | **224.00** | **224.00** |

**(v) Fair value through other comprehensive income (FVOCI)- equity instruments**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 56.09 | 48.19 |
| Change in fair value of FVOCI equity instruments net of taxes | (1.29) | 7.90 |
| Transfer to equity | - | - |
| **Closing balance** | **54.80** | **56.09** |

**(vi) Other reserves**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | 7.31 | 7.31 |
| Increase/(decrease) during the year | - | - |
| **Closing balance** | **7.31** | **7.31** |

**(vii) Retained earning**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Opening balance | (1,226.38) | (1,368.77) |
| Net profit/(loss) for the year | (77.34) | 140.11 |
| *Items of other comprehensive income recognised directly in retained earnings* | | |
| - Remeasurement of post-employment benefit obligation, net of tax | 3.59 | 2.28 |
| Transfer to equity | - | - |
| **Closing balance** | **(1,300.12)** | **(1,226.38)** |

**Nature and purpose of other reserves**

*(i) Securities premium*

Securities premium is used to record premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013 (the "Companies Act").

*(ii) Capital reserve*

(a) Certain grants of capital nature had been credited to Capital Reserve.
(b) The Company has recognised profit on account of amalgamation in capital reserve.
(c) Capital reserve arising on business combination being gain on bargain purchase recognised directly in capital reserve.

*(iii) Capital redemption reserve*

Capital redemption reserve was created on account of reinstatement of certain investments and spares at cost.

*(iv) General reserve*

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act 2013, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn.

*(v) Fair value through other comprehensive income (FVOCI)- equity instruments*

The cumulative gains and losses arising on fair value changes of equity investments measured at fair value through other comprehensive income are recognised in FVOCI - equity instruments reserve. The balance of the reserve represents such changes recognised net of amounts reclassified to retained earnings on disposal of such investments.

*(vi) Other reserves*

Others primarily include:
(a) Amounts appropriated out of profit or loss for doubtful debts and contingencies.
(b) Share buyback reserve has been created as per the Companies Act, 1956.
(c) Reserve which has arisen on forfeiture of shares.

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**Financial Liabilities**

**Note 15: Borrowings**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Non-Current** | | |
| **(a) Secured** | | |
| **At Amortised Cost** | | |
| Term Loans: | | |
| From Bank | | |
| Indian rupee loan [Refer Note (a) below] | 67.16 | 47.41 |
| From others [Refer Note (b) below] | | |
| 16,233 Senior Secured, Listed and Rated Redeemable Non-Convertible Debentures [face value of Rs 9,65,700 each (as at 31st March, 2021: Rs 10,00,000 each)] [Refer note (b) below] | 1,463.53 | 1,384.66 |
| 4,599 Secured Optionally Convertible Debentures [face value of Rs 3,27,400 each (as at 31st March, 2021: Rs 10,00,000 each)] [Refer note (b) below] | 138.49 | 370.29 |
| Indian rupee loan [Refer Note (c) below] | 130.97 | 126.63 |
| **(b) Unsecured** | | |
| **At Fair Value through Profit & Loss Account** | | |
| 4,48,97,195 Zero Coupon Optionally Convertible Redeemable Preference Shares [face value of Rs 100 each]- recognised at fair value [Refer Note (b) below] | 93.70 | 74.07 |
| | 1,890.85 | 2,003.03 |
| *Less: Current maturities of long term borrowings (Refer below)* | (158.35) | (61.96) |
| *Add: Interest accrued on long term borrowings* | - | - |
| | 1,732.50 | 1,941.07 |
| **Current** | | |
| **(a) Secured:** | | |
| Current maturities of Optionally Convertible Debentures | 138.49 | 61.96 |
| Current maturities of Other Long Term Loans | 19.86 | |
| Working Capital Loan | | |
| From Bank | | |
| Overdraft / Cash Credit [Refer Note (d) below] | - | 11.72 |
| **(b) Unsecured:** | | |
| Working Capital Loan | | |
| From Bank | | |
| Overdraft / Cash Credit | - | 0.02 |
| From others | | |
| Inter corporate deposit | 3.00 | 3.00 |
| | 161.35 | 76.70 |
| *Add: Interest accrued on short term borrowings* | 0.80 | 0.56 |
| | 162.15 | 77.26 |

**Net debt reconciliation**

This section sets out an analysis of debt and the movements in net debt for the current period

| Particulars | 31-Mar-22 | 31-Mar-21 |
|---|---|---|
| Cash and cash equivalents | 121.96 | 97.45 |
| Non-current borrowings | (1,732.50) | (1,941.07) |
| Current borrowings | (162.15) | (77.26) |
| **Total** | **(1,772.69)** | **(1,920.88)** |

| | Other assets | Liabilities from financing activities | | Total |
|---|---|---|---|---|
| | Cash and cash equivalents | Non-current borrowings | Current borrowings | |
| **Net debt as at 1 April 2021** | 97.45 | (1,941.07) | (77.26) | (1,920.88) |
| Net increase in cash and cash equivalents during the year | 36.25 | - | - | 36.25 |
| Repayment of Borrowing | | 317.28 | 56.45 | 373.73 |
| Receipt of the Borrowings | - | (31.70) | (52.85) | (84.55) |
| Change in cash credit considered as cash and cash equivalent for statement of cash flows | (11.74) | - | 11.74 | - |
| Interest expenses | - | (488.54) | 2.07 | (486.47) |
| Interest paid | - | 253.17 | 1.92 | 255.09 |
| Changes in current maturities of long-term debt | - | 158.35 | (158.35) | - |
| **Non-cash movements:** | | | | |
| Issue of equity shares to Manav Investment & Trading Co Ltd against loan | - | - | 54.13 | 54.13 |
| **Net debt as at 31 March 2022** | **121.96** | **(1,732.50)** | **(162.15)** | **(1,772.69)** |

| | Other assets | Liabilities from financing activities | | Total |
|---|---|---|---|---|
| | Cash and cash equivalents | Non-current borrowings | Current borrowings | |
| **Net debt as at 1 April 2020** | 9.65 | (1,414.13) | (628.48) | (2,032.96) |
| Cash flows | 309.08 | (933.07) | 234.50 | (389.49) |
| Change in cash credit considered as cash and cash equivalent for statement of cash flows | (287.58) | - | 287.58 | - |
| Interest expenses | - | (185.77) | (63.77) | (249.54) |
| Interest paid | - | 329.05 | 152.67 | 481.72 |
| Conversion of accrued interest to Loan | - | (45.55) | - | (45.55) |
| Unamortised processing cost charged off | - | (33.21) | - | (33.21) |
| Changes in current maturities of long-term debt and interest accrued on them | - | (109.23) | (61.96) | (171.19) |
| **Non-cash movements:** | | | | - |
| Issue of OCRPS and Equity shares for loan settlement | 66.30 | 450.84 | 2.20 | 519.34 |
| **Net debt as at 31 March 2021** | **97.45** | **(1,941.07)** | **(77.26)** | **(1,920.88)** |

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**(a) Repayment terms and nature of securities given for Indian rupee term loans from banks are as follows:**

| Bank | 31 March 2022 | 31 March 2021 | Nature of Security | Repayment Terms |
|---|---|---|---|---|
| IndusInd Bank Ltd | 43.46 | 47.41 | Second Charge over Current Assets of the Subsidiary. Pledge on 43,25,000 (free) and 1,09,38,787 (lock in till 30.06.2021) number of shares of Birla Tyres Limited held by Manav Investment and Trading Company Limited. | 48 equal monthly instalments after 1 year moratorium. Rate of interest 8.75% linked to external benchmark [Repo rate] |
| IndusInd Bank Ltd | 23.70 | - | Second Charge over Current Assets of the Subsidiary. Pledge on 1,45,63,787 of shares of Birla Tyres Limited held by Manav Investment and Trading Company Limited. | 48 equal instalments payable on the last day of the month after the 24th month of First Availment. Rate of interest 8.75% linked to external benchmark [Repo rate] |
| | 67.16 | 47.41 | | |

**(b) Repayment terms and nature of securities given for borrowings from Others are as follows:**

| Others | 31 March 2022 | 31 March 2021 | Nature of Security | Repayment Terms |
|---|---|---|---|---|
| Non Convertible Debenture | 1,463.53 | 1,384.66 | First pari passu charge on all fixed assets, moveable assets (non-current and current) and intangible assets of the Company. Additionally secured by pledge on 2,60,41,587 equity shares of the Company held by the promoters ; Non Disposal Undertaking (NDU) on other security held by a promoter; guarantee by a promoter limited to the value of shares pledged and under NDU as stated above. | Redeemable in 12 instalments by 28th February 2026 starting from November 2021. Tenure of instrument 4 years 11 months and 12 days from the date of allotment i.e. 16th March, 2021. Cash coupon rates: 1-18months @9.1% pa; 19-36months @11.3%pa; 37-60months @ 13.1%pa; XIRR of 20.75% excluding additional interest 1 and taxes. First instalment for Rs.35 crores was paid in November'21 and the next instalment is due in August'23 for Rs 30.42 crores. |
| Optionally Convertible Debenture | 138.49 | 370.29 | | Redeemable in August 2022. Tenure of instrument 17 months and 15 days from the date of allotment i.e. 16th March, 2021. Cash coupon rate 18.7% pa is applicable; XIRR of 20.75% excluding additional interest 1 and taxes. Prepayment of Rs 329.33 crores was made till March'2022. |
| Zero Coupon Optionally Convertible Redeemable Preference Shares | 90.70 | 74.07 | | Redeemable in 5 equal instalments starting from FY 2027-28 |
| | 1,692.72 | 1,829.02 | | |

**(c) Repayment terms and nature of securities given for Indian rupee term loans from others are as follows:**

| Financial Institution | 31 March 2022 | 31 March 2021 | Nature of Security | Repayment Terms |
|---|---|---|---|---|
| West Bengal Infrastructure Development Finance Corporation Ltd. | 130.97 | 126.60 | First and exclusive charge on all moveable and immoveable fixed assets of the Subsidiary except the Corporate office assets. Second pari passu charge on all current assets of the Subsidiary. For fulfilling the DSRA requirements Fixed Deposit for an amount equivalent to three months interest has to be maintained with WBIDFC | By way of balloon repayment commencing from 31.03.2021 for a tenure of 10 years. Interest rate 10.95% p.a. |
| | 130.97 | 126.60 | | |

The Group has not defaulted in the repayment of borrowings during the current year.

**(d) Repayment terms and nature of securities given for short term borrowings**

1 Secured by way of first charge on the current assets of the wholly owned subsidiary.
2 The cash credit and working capital demand loans are repayable on demand.

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**Note 16: Other financial liabilities**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Non-Current** | | |
| Security deposits | 87.21 | 74.27 |
| | **87.21** | 74.27 |
| **Current** | | |
| Capital creditors | 11.72 | 1.09 |
| Retention & Earnest deposits | 11.75 | 10.08 |
| Other payables | 27.79 | 29.19 |
| Security deposits | 30.54 | 17.23 |
| Unpaid dividends * | 0.02 | 0.02 |
| Unpaid matured deposits and interest accrued thereon | - | - |
| | **81.82** | 57.61 |

* Note: There is no liability due which is required to be transferred to Investor Education and Protection Fund under section 124 and 125 of the Companies Act, 2013 except for disputed cases for shares held in abeyance under section 126.

**Note 17: Provisions**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Non-Current** | | |
| **(a) Provision for employee benefits** | | |
| Provision for leave encashment (unfunded) | 16.72 | 17.69 |
| **(b) Others** | | |
| Decommissioning obligations | 11.46 | 10.31 |
| **Total non-current provisions** | **28.18** | **28.00** |
| **Current** | | |
| **(a) Provision for employee benefits** | | |
| Provision for gratuity (Refer Note 25) | - | 1.82 |
| Provision for leave encashment (unfunded) | 2.56 | 3.25 |
| Others | 0.17 | 2.22 |
| **(b) Others** | | |
| Provision for contingencies | - | 1.71 |
| Provision for disputed statutory dues | 14.75 | 25.19 |
| **Total current provisions** | **17.48** | **34.19** |

*(i) Movement in provisions*

Movements in each class of provision during the financial year, are set out below:

| Particulars | Decommissioning obligation | Provision for contingencies | Provision for disputed statutory dues |
|---|---|---|---|
| **As at 1 April 2021** | 10.31 | 1.71 | 25.19 |
| Charged/(credited) to profit or loss: | | | |
| Additional provision recognised | - | - | - |
| Unused amounts reversed | - | (1.71) | -10.44 |
| Amounts used during the year | - | - | - |
| Unwinding of Discount | 1.15 | - | - |
| **As at 31 March 2022** | **11.46** | - | **14.75** |

Movements in each class of provision during the previous year, are set out below:

| Particulars | Decommissioning obligation | Provision for contingencies | Provision for disputed statutory dues |
|---|---|---|---|
| **As at 1 April 2020** | 9.28 | 1.21 | 22.63 |
| Charged/(credited) to profit or loss: | | | |
| Additional provision recognised | - | - | 2.56 |
| Unused amounts reversed | - | - | - |
| Amounts used during the year | - | 0.50 | - |
| Unwinding of Discount | 1.03 | - | - |
| **As at 31 March 2021** | **10.31** | **1.71** | **25.19** |

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**Note 18: Deferred Tax Assets / Liabilities**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Deferred Tax Liabilities** | | |
| Timing Difference - Property, plant and equipment | 253.54 | 265.69 |
| Timing Difference - Investments | 14.22 | 15.18 |
| Timing Difference - Amortisation of Debenture interest | 17.41 | 67.33 |
| Other | 9.68 | 13.18 |
| **Gross Deferred Tax Liability** | **294.85** | **361.38** |
| | | |
| **Deferred Tax Assets** | | |
| Unabsorbed depreciation | 217.32 | 219.68 |
| Capital losses | 33.56 | 33.56 |
| Business losses | 142.55 | 201.01 |
| Items allowable for tax purpose on payment | 16.72 | 22.34 |
| Provisions | 147.33 | 139.64 |
| Others | 9.82 | 6.77 |
| **Gross Deferred Tax Asset** | **567.30** | **623.00** |
| **Net Deferred Tax Assets** | **272.45** | **261.62** |

The Parent Company has recognised net deferred tax asset considering that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

**Note 19: Other liabilities**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Non-current** | | |
| Advance received from Employees | 0.41 | 0.37 |
| | **0.41** | **0.37** |
| **Current** | | |
| Deferred revenue | 14.88 | 24.19 |
| Advance from customers | 48.79 | 35.95 |
| Statutory dues | 120.18 | 139.05 |
| Advance received from Employees | 0.36 | 0.94 |
| Other payables | 32.00 | 20.39 |
| | **216.21** | **220.52** |

**Note 20: Trade payables**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Current** | | |
| (a) Total outstanding dues of micro enterprises and small enterprises (Refer Note 34) | 28.45 | 26.12 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| (i) Acceptances | - | - |
| (ii) Others | 522.09 | 528.93 |
| (c) Employee benefits payable | 38.32 | 27.77 |
| | **588.86** | **582.82** |

| Aging of Trade Payables | As on 31st March 2022 | | | | |
|---|---|---|---|---|---|
| Particulars | < 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) MSME | 25.22 | 3.22 | 0.01 | - | 28.45 |
| (ii) Other Creditors | 480.50 | 26.50 | 7.67 | 5.62 | 520.29 |
| (iii) Disputed Dues - MSME | - | - | - | - | - |
| (iv) Disputed Dues - Others | - | - | - | 1.80 | 1.80 |
| (v) Employee's benefits payable (undisputed) | 30.72 | 5.57 | 0.31 | 1.72 | 38.32 |
| **Total** | 536.44 | 35.29 | 7.99 | 9.14 | **588.86** |

| Aging of Trade Payables | As on 31st March 2021 | | | | |
|---|---|---|---|---|---|
| Particulars | < 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) MSME | 26.12 | - | - | - | 26.12 |
| (ii) Other Creditors | 457.84 | 51.75 | 13.14 | 4.37 | 527.10 |
| (iii) Disputed Dues - MSME | - | - | - | - | - |
| (iv) Disputed Dues - Others | - | - | 0.03 | 1.80 | 1.83 |
| (v) Employee's benefits payable (undisputed) | 19.54 | 1.67 | 1.26 | 5.30 | 27.77 |
| **Total** | 503.50 | 53.42 | 14.43 | 11.47 | **582.82** |

Note: Aging has been considered from the date of transaction

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**Note 21: Revenue from operations**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Revenue from contracts with customers # | | |
| Sale of Products | 3,599.43 | 2,647.67 |
| Other operating revenue | 6.45 | 5.10 |
| | **3,605.88** | **2,652.77** |

# The entire revenue is being recorded at a point in time.

A. Revenue from contracts with customers disaggregated on the basis of geographical region and product lines is presented below:
Year ended 31 March, 2022

| Particulars | India | Outside India | Total |
|---|---|---|---|
| Cement | 3,530.22 | - | 3,530.22 |
| Rayon, TP and chemicals | 69.21 | - | 69.21 |
| | **3,599.43** | - | **3,599.43** |

Year ended 31 March, 2021

| Particulars | India | Outside India | Total |
|---|---|---|---|
| Cement | 2,410.28 | - | 2,410.28 |
| Rayon, TP and chemicals | 227.68 | 9.71 | 237.39 |
| | **2,637.96** | **9.71** | **2,647.67** |

B. The Group has recognised the following revenue-related contract liabilities and receivables from contract with customers

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Contract liabilities – Deferred revenue [Refer Note 19] | 14.88 | 24.19 |
| Contract liabilities - Advance from customers [Refer Note 19] | 48.79 | 35.95 |
| | **63.67** | **60.14** |

The change in Contract Liabilities are as follows:

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Contract liabilities - Opening | 60.14 | 46.07 |
| Add: Additions during the year, excluding amounts recognised as revenue during the year | 68.99 | 46.80 |
| Less: Revenue recognised in the current year which was included in Contract Liabilities | (65.46) | (32.73) |
| **Contract Liabilities - Closing** | **63.67** | **60.14** |

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Trade Receivables- Gross | 320.26 | 304.93 |
| Less: Allowance for doubtful debt | - | - |
| | **320.26** | **304.93** |

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were not satisfied in a prior year.

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Revenue recognised that was included in the contract liability balance at the beginning of the period: | | |
| Contract liabilities – Deferred revenue | 24.19 | 0.26 |
| Contract liabilities - Advance from customers | 41.27 | 32.47 |
| | **65.46** | **32.73** |

**Note 22: Other Income**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Interest income: | | |
| On financial instruments measured at amortised cost | 42.64 | 54.04 |
| On income tax refund | 0.89 | 1.01 |
| Less: Provision for Doubtful Interest Income * | (26.45) | - |
| Dividend income | 0.02 | 0.02 |
| Miscellaneous income | 19.99 | 17.09 |
| | **36.59** | **72.16** |

* Refer Note 7 (a)

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**Note 23: Cost of Materials Consumed**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| **Raw Material Consumed** | | |
| Opening inventory | 14.96 | 18.94 |
| Add : Purchases | 295.18 | 211.72 |
| Less : Inventory at the end of the year | 25.47 | 14.96 |
| Add: Lime stone raising cost | 177.87 | 109.79 |
| | **392.54** | **325.49** |

**(a) Limestone raising cost include:**

| | | |
|---|---|---|
| Salaries, Wages, Bonus etc. | 12.67 | 11.37 |
| Contribution to Provident and other Funds | 0.53 | 0.48 |
| Contribution to Gratuity Fund (refer note 25) | 0.43 | 0.47 |
| Workmen and Staff welfare | 0.29 | 0.25 |
| Dead Rent, Royalty etc. | 99.41 | 63.94 |
| Power and Fuel | 12.63 | 4.40 |
| Stores and spares parts consumed | 35.08 | 19.29 |
| Machinery repairs | 4.97 | 3.72 |
| Other repairs | 0.39 | 0.10 |
| Rates and taxes | - | 0.15 |
| Insurance | 0.03 | 0.02 |
| Contractors-Transport | 9.47 | 4.72 |
| Miscellaneous | 1.97 | 0.88 |
| | **177.87** | **109.79** |

**Note 24: Changes in stock of finished goods, work-in-progress and stock in trade**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Inventories at the beginning of the year | | |
| - Work - in - progress | 17.02 | 20.82 |
| - Finished Goods | 24.27 | 53.90 |
| - Stock in trade | 0.06 | 0.04 |
| Less: Inventories at the end of the year | | |
| - Work - in - progress | 17.59 | 17.02 |
| - Finished Goods | 38.13 | 24.27 |
| - Stock in trade | - | 0.06 |
| Less: Transferred to Capital Jobs | 0.15 | 0.03 |
| | **(14.43)** | **33.38** |

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**(All amounts in Rupees crores, unless otherwise stated)**

**Note 25: Employee benefits expense**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Salaries, wages and bonus | 158.87 | 187.67 |
| Contribution to provident fund | 8.66 | 12.41 |
| Contribution to superannuation fund | 0.09 | 0.08 |
| Contribution to labour welfare fund | - | 0.01 |
| Gratuity | 3.92 | 5.20 |
| Contribution under Employees State Insurance Scheme | 0.45 | 0.46 |
| Voluntary separation Scheme | 4.27 | 2.68 |
| Staff welfare expenses | 7.10 | 7.04 |
| **Total employee benefits expense** | **183.36** | **215.55** |

During the year, the Company recognised an amount of Rs. 6.35 crore (2020-21: Rs. 5.35 crores ) as remuneration to key managerial personnel. The details of such remuneration is as below:

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Short term employee benefits | 6.15 | 5.18 |
| Post employment benefits | 0.20 | 0.17 |
| **Total employee benefits expense** | **6.35** | **5.35** |

***(i) Compensated absences***

The leave obligations cover the Group's liability for sick and earned leave.

***(ii) Defined benefit plan***

***a) Gratuity***

The Group operates a gratuity plan through the "KICM Gratuity Fund". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Group or retirement, whichever is earlier. The benefits vest after five years of continuous service.

***b) Provident fund***

Provident fund for certain eligible employees is managed by the Group through the "B. K. Birla Group of Companies Provident Fund Institution" and "Birla Industries Provident Fund", in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Group or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee.

The Group has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Group has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at 31 March 2022 and 31 March 2021 respectively.

The Group also pays provident fund contributions to publically administered local fund as per the local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

The details of fund and plan asset position are given below:

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| as at 31 March 2021 | 63.43 | 66.31 | 2.88 |
| as at 31 March 2022 | 66.56 | 68.27 | 1.71 |

*The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Discount Rate (per annum) | 8.50% | 8.50% |
| Expected Rate of Return on Plan Assets (per annum) | 8.50% | 8.50% |

The Group contributed Rs. 2.15 crore and Rs. 8.62 crore during the year ended 31 March 2022 and 31 March 2021 respectively to the fund.

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***(iii) Defined contribution plan***

**Superannuation Fund:** The Company has defined contribution superannuation plan for the benefit of its eligible employees. Employees who are members of the defined contribution superannuation plan are entitled to benefits depending on the years of service and salary drawn.

Separate irrevocable trust is maintained for employees covered and entitled to benefits. The Company contributes 15% of the eligible employees' salary or Rs. 1 lakh, whichever is lower, in case of NPS participating employees and 15% of the basic salary in case of Non NPS participating eligible employees to the trust every year. Such contributions are recognised as an expense as and when incurred. The Company does not have any further obligation beyond this contribution.

The Group contributed Rs. 0.02 Crore and Rs. 0.02 Crore during the year ended 31 March 2022 and 31 March 2021 respectively.

***(iv) Balance sheet recognition***

***a) Gratuity***

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **01 April 2021** | 91.15 | 89.33 | 1.82 |
| Current service cost | 4.42 | - | 4.42 |
| Interest expense/(income) | 6.19 | (6.26) | (0.07) |
| **Total amount recognised in profit or loss** | **10.61** | **(6.26)** | **4.35** |
| *Remeasurement* | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | - | (0.68) | 0.68 |
| Actuarial (gain)/loss from change in demographic assumptions | - | - | - |
| Actuarial (gain)/loss from change in financial assumptions | (1.26) | - | (1.26) |
| Actuarial (gain)/loss from unexpected experience | (4.35) | - | (4.35) |
| **Total amount recognised in other comprehensive income** | **(5.61)** | **(0.68)** | **(4.93)** |
| Employer contributions/ premium paid | - | 1.83 | (1.83) |
| Benefit payments | 5.33 | 5.33 | - |
| Settlement Cost | - | - | - |
| Acquisition adjustment | - | - | - |
| **31 March 2022** | **90.82** | **91.40** | **(0.58)** |

| Particulars | Present value | Fair value of plan | Net amount |
|---|---|---|---|
| **01 April 2020** | 85.56 | 72.63 | 12.93 |
| Transferred pursuant to the scheme of arrangement | - | - | - |
| Current service cost | 5.13 | - | 5.13 |
| Interest expense/(income) | 5.48 | (4.94) | 0.54 |
| **Total amount recognised in profit or loss** | **10.61** | **(4.94)** | **5.67** |
| *Remeasurement* | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | - | 8.64 | (8.64) |
| Actuarial (gain)/loss from change in demographic assumptions | - | - | - |
| Actuarial (gain)/loss from change in financial assumptions | (1.46) | - | (1.46) |
| Actuarial (gain)/loss from unexpected experience | 6.24 | - | 6.24 |
| **Total amount recognised in other comprehensive income** | **4.78** | **8.64** | **(3.86)** |
| Employer contributions/ premium paid | - | 12.92 | (12.92) |
| Benefit payments | 9.80 | 9.80 | - |
| Settlement Cost | - | - | - |
| **31 March 2021** | **91.15** | **89.33** | **1.82** |

***(v) Significant estimates: actuarial assumptions***

The significant actuarial assumptions were as follows:

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Discount rate | 7.00% | 6.80% |
| Salary growth rate | 5.00% | 5.00% |
| Attrition rate | 1.00% | 1.00% |
| Mortality rate | IALM 2012-2014 ULTIMATE | IALM 2012-2014 ULTIMATE |

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***(vi) Sensitivity analysis***

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| Particulars | Impact on defined benefit obligation | | | |
|---|---|---|---|---|
| | 31 March 2022 | | 31 March 2021 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (-/+ 0.5%) | 87.07 | 94.81 | 87.58 | 94.96 |
| % change compared to base due to sensitivity | -4.12% | 4.39% | -3.92% | 4.18% |
| Salary growth rate (-/+ 0.5%) | 94.84 | 87.00 | 95.00 | 87.52 |
| % change compared to base due to sensitivity | 4.43% | -4.20% | 4.21% | -3.99% |
| Attrition rate (-/+ 0.5%) | 90.83 | 90.80 | 91.16 | 91.14 |
| % change compared to base due to sensitivity | 0.01% | -0.02% | 0.01% | -0.02% |
| Life expectancy/ mortality rate (-/+ 10%) | 90.85 | 90.78 | 91.18 | 91.13 |
| % change compared to base due to sensitivity | 0.03% | -0.04% | 0.03% | -0.03% |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

***(vii) The major categories of plans assets***

In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the

***(viii) Risk exposure***

Through its defined benefit plans the Group is exposed to a number of risks, the most significant of which are detailed below:

***Investment risk:***

The defined benefit plans are funded with insurance companies of India. The Group does not have any liberty to manage the funds provided to insurance companies.

***Interest risk:***

A decrease in the interest rate on plan assets will increase the plan liability.

***Life expectancy:***

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

***Salary growth risk***

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants

***(ix) Defined benefit liability and employer contributions***

Expected contributions to post-employment benefits plans for the year ending 31 March 2023 is Rs. 7.75 crores.

The weighted average duration of the defined benefit obligation is 13 years (31 March 2021 – 13 years).

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**Note 26: Depreciation and amortisation expense**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Depreciation on tangible assets | 96.62 | 100.89 |
| Amortisation of intangible & Right to Use assets | 15.14 | 17.07 |
| | **111.76** | **117.96** |

**Note 27: Finance cost**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Interest expenses | 486.82 | 271.31 |
| Interest on Lease Liabilities | 1.59 | 2.17 |
| Other borrowing costs | 13.28 | 3.45 |
| | **501.69** | **276.93** |
| Less: Interest capitalised | - | (1.13) |
| | **501.69** | **275.80** |

The capitalisation rate used by the wholly owned subsidiary to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowing during the year, in this case is 10.50%, (31 March 2021: 10.50%)

**Note 28: Other expenses**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Consumption of stores and spare parts | 56.22 | 47.43 |
| Rent | 19.25 | 10.44 |
| Repairs and Maintenance | | |
| Building | 6.13 | 4.48 |
| Plant and Machinery | 57.05 | 43.10 |
| Others | 3.45 | 3.78 |
| Insurance | 8.85 | 7.09 |
| Rates and Taxes | 6.91 | 5.64 |
| Brokerage and Discounts | 29.11 | 17.14 |
| Commission to selling agents | 9.15 | 8.90 |
| Sales Promotion | 49.22 | 21.82 |
| Directors' Fees | 0.73 | 1.04 |
| Debts/ Advances/ Deposits written off | 1.27 | 0.05 |
| Legal & Professional Expenses | 38.31 | 30.86 |
| Provision for doubtful debts | 2.47 | 2.28 |
| Provision for doubtful advances | - | 0.20 |
| Loss on property, plant and equipment sold/ discarded (net) | 0.15 | (0.27) |
| Payments to the auditor [refer Note (a) below] | 2.78 | 4.21 |
| Foreign currency translation loss (net) | - | 0.12 |
| Security Services | 6.76 | 5.85 |
| Miscellaneous expenses [refer Note (b) below] | 31.92 | 30.18 |
| | **329.73** | **244.34** |

| | | |
|---|---|---|
| (a) Details of auditors' remuneration and out-of-pocket expenses are as below: | | |
| Audit Fees (including Limited Reviews) | 2.34 | 2.35 |
| Tax Audit Fees | 0.33 | 0.48 |
| Fees for issuing various certificates * | 2.05 | 1.31 |
| Reimbursement of Expenses | 0.01 | 0.07 |
| **Total** | **4.73** | **4.21** |

* The above figure includes Rs 1.95 crores for Rights issue certification work transferred to Securities Premium and not charged to Profit & Loss.

| | | |
|---|---|---|
| (b) Miscellaneous expenses include | | |
| (i) Consumption of stores and spares parts | 2.35 | 1.33 |
| (c) Legal & Professional expenses include | | |
| (i) Payment to cost auditor | 0.08 | 0.08 |

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**Note 29: Exceptional items**

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Difference due to Fair Value of OCRPS net of settlement cost [Refer Note (a) below] | - | 277.34 |
| Voluntary retirement scheme [Refer Note (b) below] | (22.35) | - |
| Impairment Loss on Loan to Body Corporate [Refer Note (c) below] | - | (498.22) |
| | **(22.35)** | **(220.88)** |

a) During the previous year, a Resolution Plan ("the Plan") was approved by the lenders under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by Reserve Bank of India vide its circular 7th June 2019. Pursuant to the Plan, the Company had entered into a Settlement Agreement ("the Agreement") with the lenders dated 20th February, 2021, which was further amended on 15th March, 2021. The Agreement entails settlement of the existing Gross debt aggregating to ₹ 2,181.81 crores as at 31st January, 2021 in the following manner and divided into three parts:

i) By issuance of 2,22,21,262 numbers of Equity Shares of face value of ₹ 10 each to the lenders on a preferential basis on 8th March,2021 at the price determined in accordance with the applicable law @ ₹ 65 per share (including securities premium of ₹ 55 per share).

ii) By issuance of 4,48,97,195 numbers of Zero % Optionally Convertible Redeemable Preference Shares ('OCRPS') of face value of ₹ 100 each issued to the lenders convertible with prior consent of the holder and at the option of the Company during the period of 18 months from the date of allotment, and redeemable at par over the period of five years starting 31st March, 2028 in five equal tranches.

iii) Upfront repayment of Existing facilities to the extent of ₹ 1,670.94 crores to the lenders.

The Company during the previous year ended 31st March, 2021 had issued OCRPS has been initially recognised at fair value in the books. The resultant net gain of ₹ 277.34 crores, net of settlement costs, as at the date of implementation of the Plan between the carrying amount of the facility before settlement and on fair value of OCRPS / Equity was recognised in 'the Statement of Profit and Loss' as an exceptional item.

b) During June 2021, due to continuing restriction in logistic activities of non-essential goods on the onset of the second wave of Covid-19 pandemic, the wholly owned Subsidiary of the Company had declared temporary suspension of work at its Rayon Plant, Chemical Division & T.P. Plant situated at Kuntighat (District Hooghly, West Bengal), effective from commencement of 'A' Shift, i.e. 6:30 A.M. of 22nd June, 2021 until further notice.
The said Company has executed the Workers Separation Scheme during the temporary suspension. Total 439 employees have availed the Scheme amounting to Rs. 22.35 crores upto 31st March 2022, which has been charged under exceptional items in Profit and Loss Account. The temporary suspension of work at the said Company was lifted with effect from 'A' Shift (6.30 am) on 22nd December, 2021.

c) The Company consequent to demerger had an exposure by way of loan to a body corporate as on 31st March, 2021. The Company has recognised a provision for impairment on the total exposure of Rs 498.22 crores during the previous year, as the said body corporate was going through a Resolution Process and the outcome of the same was dependent on implementation of the Resolution Process. This impairment loss was considered as an exceptional item.

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**Note 30: Income tax expense**

This note provides an analysis of the Group's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| *(a) Income tax expense* | | |
| Current tax | - | |
| Current tax on profits for the year | - | - |
| Adjustments for current tax of prior periods* | | (43.87) |
| Total current tax expense | - | (43.87) |
| Deferred tax | | |
| Decrease (increase) in deferred tax assets | 55.69 | (200.08) |
| (Decrease) increase in deferred tax liabilities | (66.52) | (1.54) |
| Total deferred tax expense/(benefit) ** | (10.83) | (201.62) |
| Income tax expense | (10.83) | (305.49) |

* Adjustments for current tax of prior periods represents write back of excess provision for income tax of earlier years on disposal of pending litigations.

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Deferred tax assets | 567.30 | 625.00 |
| Deferred tax liabilities | (294.85) | (423.98) |
| Closing Balance | 272.45 | 201.02 |

| Particulars | As at Apr 01, 2021 | Recognised in Statement of Profit and Loss | Recognised in Other Comprehensive Income | As at March 31, 2022 | Not Recognised due to Uncertainty Refer Note (c) below |
|---|---|---|---|---|---|
| **A. Deferred tax assets** | | | | | |
| Unabsorbed depreciation | 219.68 | (2.16) | - | 217.52 | 68.73 |
| Capital losses | 21.56 | 11.91 | - | 33.56 | 20.61 |
| Business losses | 201.01 | (58.46) | - | 142.55 | 864.78 |
| Provision for doubtful debts | 11.63 | 11.04 | - | 22.67 | - |
| Provision for doubtful advances | 2.01 | (0.03) | - | 1.98 | - |
| Other Provisions | 126.81 | 7.06 | - | 133.87 | - |
| Items allowable for tax purpose on payment basis | 25.48 | (2.58) | - | 22.90 | - |
| Others | 2.82 | 0.63 | - | 3.45 | - |
| Elimination Impact for Subsidiary | - | - | - | - | (156.12) |
| | 623.00 | (55.70) | - | 567.30 | 797.94 |
| **B. Deferred tax liabilities** | | | | | |
| Difference between book balance and tax balance of property, plant and equipment | 265.68 | (12.14) | | 253.54 | - |
| Difference between fair value of investment and indexed cost of acquisition | 15.18 | - | (0.96) | 14.22 | |
| Difference on account of amortisation of Debenture interest | 67.33 | (49.97) | - | 17.41 | |
| Others | 13.19 | (3.53) | - | 9.68 | - |
| | 361.38 | (65.67) | (0.96) | 294.85 | - |
| **Net deferred tax assets / (liabilities) (A-B)** | 261.62 | 9.87 | 0.96 | 272.45 | 797.94 |

| Particulars | As at Apr 01, 2020 | Recognised in Statement of Profit and Loss | Recognised in Other Comprehensive Income | As at March 31, 2021 | Not Recognised due to Uncertainty Refer Note (c) below |
|---|---|---|---|---|---|
| **A. Deferred tax assets** | | | | | |
| Unabsorbed depreciation | 17.07 | 202.61 | - | 219.68 | 68.55 |
| Capital losses | 34.65 | (13.09) | - | 21.56 | 20.61 |
| Business losses | 57.192 | 143.09 | - | 201.01 | 923.23 |
| Provision for doubtful debts | 35.45 | (23.82) | - | 11.63 | - |
| Provision for doubtful advances | 2.49 | (0.48) | - | 2.01 | - |
| Other Provisions | 138.99 | (12.18) | - | 126.81 | - |
| Items allowable for tax purpose on payment basis | 31.05 | (5.57) | - | 25.48 | - |
| Others | 2.31 | 0.51 | - | 2.82 | - |
| Minimum alternate tax (MAT) credit entitlement | - | - | - | - | - |
| Elimination Impact for Subsidiary | - | - | - | - | (117.80) |
| | 362.92 | 260.08 | - | 623.00 | 168.09 |
| **B. Deferred tax liabilities** | | | | | |
| Difference between book balance and tax balance of property, plant and equipment | 247.28 | (18.51) | - | 265.68 | - |
| Difference between fair value of investment and indexed cost of acquisition | 15.60 | - | 1.56 | 15.18 | |
| Difference on account of amortisation of Debenture interest | - | 67.33 | - | 67.33 | |
| Others | 2.12 | 11.17 | (0.01) | 13.31 | - |
| | 362.92 | (3.10) | 1.56 | 361.38 | - |
| **Net deferred tax assets / (liabilities) (A-B)** | (0.00) | 263.18 | (1.56) | 261.62 | 168.09 |

**(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Profit before tax | (57.21) | (116.94) |
| Tax | (25.40) | (43.45) |
| Deferred tax asset not recognised | 38.52 | (1.52) |
| Exempt income | | - |
| Deductions claimed in tax | | - |
| Weighted deductions available in tax | | - |
| Permanent differences | 0.36 | 17.70 |
| Others (including difference in tax rates) | (13.48) | 27.27 |
| Total income tax expense/(credit) | 0.00 | - |

**(c) Tax losses**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Unused tax losses for which no deferred tax has been recognized: | | |
| - Tax losses | | |
| - Business loss | 513.26 | 761.12 |
| - Capital loss: Short term | 117.93 | 117.93 |
| - Capital loss: Long term | | |
| - Unabsorbed tax depreciation | 256.04 | 201.36 |
| - Elimination Impact for Subsidiary | (520.32) | (416.03) |
| Potential tax benefit on Business loss | 332.43 | 254.77 |
| Potential tax benefit on Capital loss short term | 20.61 | 20.61 |
| Potential tax benefit on Capital loss long term | | |
| Minimum alternate tax (MAT) credit entitlement | - | - |
| Elimination Impact for Subsidiary | (156.12) | (117.30) |
| Total | 197.94 | 168.08 |

(a) Unabsorbed depreciation does not have any expiry period.
(b) From financial year 2021-22 (AY 2022-23) and onwards, the Parent Company has opted for a new tax regime as per the provisions of Section 115BAA of the Income Tax Act, 1961. Accordingly, brought forward business losses / unabsorbed depreciation has been reinstated while computing deferred tax assets. However, the Wholly Owned Subsidiary has continued in the old tax regime.

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**Note 31: Earnings per share**

| Particulars | | 2021-2022 | 2020-2021 |
|---|---|---|---|
| **(i) Basic** | | | |
| Number of equity shares at the beginning of the year | | 16,48,11,341 | 14,25,90,079 |
| Number of equity shares at the end of the year | | 24,40,24,163 | 16,48,11,341 |
| Weighted average number of equity shares outstanding during the year (*) | (A) | 20,01,31,405 | 15,85,67,203 |
| Nominal value of each equity Share (Rs.) | | 10 | 10 |
| Profit / (Loss) for the year (Rs. in crore)- Continuing Operation | (B) | (77.34) | 140.11 |
| Earnings per share (Basic) (Rs.) | (B/A) | (3.86) | 8.84 |
| **(ii) Diluted** | | | |
| Weighted average number of equity shares outstanding during the year (*) | | 20,01,31,405 | 15,85,67,203 |
| Earnings per share (Diluted) (Rs.) | | (3.86) | 8.84 |

* Basic and diluted earnings/(loss) per share for the previous year have been retrospectively adjusted for the bonus element in respect of the Rights Issue made during the current year. Refer **Note 14 (a)**.

**Note 32: Contingent liabilities**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **(a) Guarantees given -** | | |
| (i) to excise authorities | 0.06 | 0.06 |
| **(b) Claims against the Group not acknowledged as debts :** | | |
| (i) Rates, Taxes, Duties etc. demanded by various Authorities | 169.16 | 213.49 |
| (ii) Others | 0.01 | 0.01 |
| **(c) Income Tax matters** | 15.92 | 15.43 |
| | 185.15 | 228.99 |

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

**Note 33: Capital and other commitments**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Capital Commitments** | | |
| Estimated value of contracts in capital account remaining to be executed [net of advances Rs. 3.01 crore (31 March 2021: Rs. 1.75 crore)] | 26.07 | 3.60 |
| TOTAL | 26.07 | 3.60 |

**Note 34:** The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 27.10 | 25.91 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 1.35 | 0.21 |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | 0.10 |
| Interest due and payable towards suppliers registered under MSMED Act, for payments already made | - | - |
| Further interest remaining due and payable for earlier years | - | - |
| The above information regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group | | |

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(All amounts in Rupees crores, unless otherwise stated)

**Note 35: Lease Disclosure**

1. The following is the break-up of current and non-current lease liabilities as at March 31, 2022.

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| Current Lease Liability | 5.66 | 11.99 |
| Non Current Lease Liability | 1.69 | 5.72 |
| | 7.35 | 17.71 |

2. The following is the movement in lease liabilities during the year ended March 31, 2022

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| Opening Balance | 17.71 | 23.24 |
| Additions during the year | 2.45 | 7.38 |
| Finance cost accrued during the period | 1.59 | 2.17 |
| Deletions | 0.26 | 0.53 |
| Payment of lease liabilities | 14.14 | 14.55 |
| **Closing Balance** | 7.35 | 17.71 |

| | | |
|---|---|---|
| 3. Expense pertaining to leases which has been identified as Short Term | 17.22 | 7.09 |
| 4. Expense pertaining to leases which has been identified as Low Value | 0.11 | 0.09 |

5. Contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis
The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis:

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| Less than one year | 5.22 | 13.66 |
| One to five years | 1.27 | 4.76 |
| More than five years | 7.21 | 7.36 |

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**Note 36: Capital management**

**(a) Risk management**

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the Group which comprises issued share capital (including premium) and accumulated reserves disclosed in the Statement of Changes in Equity.

The Group's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Group's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due.

**Note 37 : Fair value measurements**

This section gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments.
The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

**Financial instruments by category**

| Particulars | 31 March 2022 | | | Total Carrying Value | Total Fair Value |
|---|---|---|---|---|---|
| | FVPL | FVOCI | Amortised cost | | |
| ***Financial assets*** | | | | | |
| Cash and cash equivalents | - | - | 121.96 | 121.96 | 121.96 |
| Other bank balances | - | - | 57.21 | 57.21 | 57.21 |
| Trade receivables | - | - | 320.26 | 320.26 | 320.26 |
| Loans | - | - | 135.45 | 135.45 | 135.45 |
| Investments | - | 73.83 | 0.01 | 73.84 | 73.84 |
| Other financial assets | - | - | 40.79 | 40.79 | 40.79 |
| **Total financial assets** | - | 73.83 | 675.68 | 749.51 | 749.51 |
| ***Financial liabilities*** | | | | | |
| Borrowings | 90.70 | - | 1,803.95 | 1,894.65 | 1,894.65 |
| Trade and other payables | - | - | 588.86 | 588.86 | 588.86 |
| Lease Liability | - | - | 7.35 | 7.35 | 7.35 |
| Other financial liabilities | - | - | 169.03 | 169.03 | 169.03 |
| **Total financial liabilities** | 90.70 | - | 2,569.19 | 2,659.89 | 2,659.89 |

| Particulars | 31 March 2021 | | | Total Carrying Value | Total Fair Value |
|---|---|---|---|---|---|
| | FVPL | FVOCI | Amortised cost | | |
| ***Financial assets*** | | | | | |
| Cash and cash equivalents | - | - | 97.45 | 97.45 | 97.45 |
| Other bank balances | - | - | 14.49 | 14.49 | 14.49 |
| Trade receivables | - | - | 304.93 | 304.93 | 304.93 |
| Loans | - | - | 132.08 | 132.08 | 132.08 |
| Investments | - | 77.41 | 0.01 | 77.42 | 77.42 |
| Other financial assets | - | - | 20.87 | 20.87 | 20.87 |
| **Total financial assets** | - | 77.41 | 569.83 | 647.24 | 647.24 |
| ***Financial liabilities*** | | | | | |
| Borrowings | 74.07 | - | 1,944.26 | 2,018.33 | 2,018.33 |
| Trade and other payables | - | - | 582.82 | 582.82 | 582.82 |
| Lease Liability | | | 17.71 | 17.71 | 17.71 |
| Other financial liabilities | - | - | 131.88 | 131.88 | 131.88 |
| **Total financial liabilities** | 74.07 | - | 2,676.67 | 2,750.74 | 2,750.74 |

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**(i) Fair value hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes Group's over-the-counter (OTC) derivative contracts.

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level of hierarchy includes Group's investment in equity shares which are unquoted or for which quoted prices are not available at the reporting dates.

| Particulars | 31 March 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets:** | | | | |
| Investments | | | 73.83 | 73.83 |
| | - | - | 73.83 | 73.83 |
| **Financial liabilities:** | | | | |
| Borrowings | - | 90.70 | - | 90.70 |
| | - | 90.70 | - | 90.70 |

| Particulars | 31 March 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets:** | | | | |
| Investments | - | - | 77.41 | 77.41 |
| | - | - | 77.41 | 77.41 |
| **Financial liabilities:** | | | | |
| Borrowings | - | 74.07 | - | 74.07 |
| | - | 74.07 | - | 74.07 |

**(ii) Valuation technique used to determine fair value**

(a) Derivatives are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.

(b) Investments carried at fair value are generally based on market price quotations. However in cases where quoted prices are not available the management has involved valuation experts to determine the fair value of the investments. Different valuation techniques have been used by the valuers for different investments. These investments in equity instruments are not held for trading. Instead, they are held for long term strategic purpose. The Group has chosen to designate this investments in equity instruments at FVOCI since, it provides a more meaningful presentation. Cost of certain investments in equity instruments have been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

(c) Fair value of borrowings is estimated by discounting expected future cash flows. The carrying amounts of other borrowings with floating rate of interest are considered to be close to the fair value.

(d) The carrying amounts of remaining financial assets and liabilities are considered to be the same as their fair values.

(e) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

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**(All amounts in Rupees crores, unless otherwise stated)**

**Note 38: Financial risk management**

In the course of its business, the Group is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Group has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:
(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Group's business plan.
(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

***(A) Credit risk***

The Group takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Maximum exposure to credit risk of the Group has been listed below:

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Trade receivables | 320.26 | 304.93 |
| Loan | 135.45 | 132.08 |
| Other financial assets | 40.79 | 20.87 |
| Total | 496.50 | 457.88 |

Other receivables as stated above are due from the parties under normal course of the business and as such the Group believes exposure to credit risk to be minimal.

**i) Trade and other receivables**

Customer credit risk is managed by the Group through established policy and procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying upto 90 days credit terms. The Group has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation. Trade receivables are consisting of a large number of customers. Where credit risk is high, domestic trade receivables are backed by security deposits. Export receivables are backed by letters of credit.

In determining the allowances for credit losses of trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

The Group's exposure to customers is diversified and there is no significant credit exposure on account of any single customer as at 31 March 2022 and 31 March 2021.

The Group is making provisions on trade receivables based on Expected Credit Loss (ECL) model. The reconciliation of ECL is as follows:

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| Opening balance | **10.33** | **8.37** |
| Acquired in business combination | - | - |
| Charge/(Release) to statement of profit and loss | 2.47 | 2.28 |
| Utilised during the year | (5.52) | (0.32) |
| Closing balance | **7.28** | **10.33** |

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**(All amounts in Rupees crores, unless otherwise stated)**

**(B) Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Group has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds from debt markets through commercial paper programs, non-convertible debentures and other debt instruments. The Company invests its surplus funds in bank fixed deposit and in mutual funds, which carry no or low market risk.

**(i) Maturities of financial liabilities**

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| Contractual maturities of financial liabilities 31 March 2022 | Less than 1 year | 1 - 3 years | 3 - 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivatives** | | | | | |
| Borrowings (including interest obligations) | 389.96 | 905.45 | 1,718.62 | 519.89 | 3,533.92 |
| Lease Liability | 5.22 | 0.88 | 0.40 | 7.21 | 13.71 |
| Other financial liabilities | 82.62 | - | - | 87.21 | 169.83 |
| Trade payables | 588.86 | - | - | - | 588.86 |
| **Total non-derivative financial liabilities** | **1,066.66** | **906.33** | **1,719.02** | **614.31** | **4,306.32** |

| Contractual maturities of financial liabilities 31 March 2021 | Less than 1 year | 1 - 3 years | 3 - 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivatives** | | | | | |
| Borrowings (including interest obligations) | 402.84 | 1,078.07 | 2,220.44 | 525.97 | 4,227.32 |
| Lease Liability | 13.66 | 4.45 | 0.31 | 7.36 | 25.78 |
| Other financial liabilities | 58.17 | - | - | 74.27 | 132.44 |
| Trade payables | 582.82 | - | - | - | 582.82 |
| **Total non-derivative financial liabilities** | **1,057.49** | **1,082.52** | **2,220.75** | **607.60** | **4,968.36** |

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**(C) Market risk** **(All amounts in Rupees crores, unless otherwise stated)**

**(i) Foreign currency risk**
The group deals with foreign currency loan, trade payables etc. and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The group operates internationally and portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

**Foreign currency risk exposure**
The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows-

**As at 31 March 2022**

| Particulars | USD (in crore) | | EUR (in crore) | | DKK (in crore) | | JPY (in crore) | |
|---|---|---|---|---|---|---|---|---|
| | Amount in foreign currency | Amount in local currency | Amount in foreign currency | Amount in local currency | Amount in foreign currency | Amount in local currency | Amount in foreign currency | Amount in local currency |
| **Financial assets** | | | | | | | | |
| Trade receivables | - | - | - | - | - | - | - | - |
| Advance to Vendors * | 0.05 | 3.79 | 0.00 | 0.27 | 0.00 | 0.02 | - | - |
| **Financial liabilities** | | | | | | | | |
| Trade payables | - | - | - | - | - | - | - | - |
| Borrowings | - | - | - | - | - | - | - | - |
| **Net exposure to foreign currency risk** | 0.05 | 3.79 | 0.00 | 0.27 | 0.00 | 0.02 | - | - |

**As at 31 March 2021**

| Particulars | USD (in crore) | | EUR (in crore) | | GBP (in crore) | | JPY (in crore) | |
|---|---|---|---|---|---|---|---|---|
| | Amount in foreign currency | Amount in local currency | Amount in foreign currency | Amount in local currency | Amount in foreign currency | Amount in local currency | Amount in foreign currency | Amount in local currency |
| **Financial assets** | | | | | | | | |
| Trade receivables | 0.01 | 0.53 | - | - | - | - | - | - |
| Advance to Vendors * | 0.00 | 0.00 | | | | | | |
| **Financial liabilities** | | | | | | | | |
| Trade payables | | | | | | | | |
| Borrowings | - | - | 0.00 | 0.05 | - | - | - | - |
| **Net exposure to foreign currency risk** | 0.01 | 0.53 | (0.00) | (0.05) | - | - | - | - |

*Amount is below the rounding off norm adopted by the Group

***Sensitivity***
The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

| Particulars | Impact on profit before tax/equity | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| ***USD sensitivity*** | | |
| INR/USD appreciates by 5% (31 March 2021 - 5%)@ | (0.19) | (0.03) |
| INR/USD depreciates by 5% (31 March 2021 - 5%)@ | 0.19 | 0.03 |
| ***EUR sensitivity*** | | |
| INR/EUR appreciates by 5% (31 March 2021 - 5%)@ | (0.01) | 0.00 |
| INR/EUR depreciates by 5% (31 March 2021 - 5%)@ | 0.01 | (0.00) |
| ***DKK sensitivity*** | | |
| INR/EUR appreciates by 5% @ | (0.00) | |
| INR/EUR depreciates by 5% @ | 0.00 | |
| ***JPY sensitivity*** | | |
| INR/JPY appreciates by 5% (31 March 2021 - 5%)@ | - | - |
| INR/JPY depreciates by 5% (31 March 2021 - 5%)@ | - | - |
| ***GBP sensitivity*** | | |
| INR/GBP appreciates by 5% (31 March 2021 - 5%)@ | - | |
| INR/ GBP depreciates by 5% (31 March 2021 - 5%)@ | - | - |

@ Holding all other variables constant

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**(All amounts in Rupees crores, unless otherwise stated)**

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's main interest rate risk arises from borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 31 March 2022 and 31 March 2021, the Group's borrowings at variable rate were mainly denominated in INR.

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

***(a) Interest rate risk exposure***

**On Financial Liabilities:**
The exposure of the Group's financial liabilities to interest rate risk is as follows:

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Variable rate borrowings | 67.16 | 47.41 |
| Fixed rate borrowings | 1,826.69 | 1,970.36 |
| **Total borrowings** | **1,893.85** | **2,017.77** |

**(b) Sensitivity**
Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

| Particulars | Impact on profit before tax/equity | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| Interest expense rates – increase by 50 basis points (50 bps)# | (0.34) | (0.24) |
| Interest expense rates – decrease by 50 basis points (50 bps)# | 0.34 | 0.24 |

# Holding all other variables constant

**(iii) Price risk**

**(a) Exposure**

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet at fair value through OCI. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. In general, these investments are not held for trading purposes.

**(b) Sensitivity**
The table below summarizes the impact of increases/decreases of the share prices on the Group's equity.

| Particulars | Impact on equity | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| Share price - Increase 5% | 3.69 | 3.87 |
| Share price - Decrease 5% | (3.69) | (3.87) |

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**(All amounts in Rupees crores, unless otherwise stated)**

**Note 39: Segment reporting**

The Group's organizational structure and governance processes are designed to support effective management of Cement and Rayon, TP and chemicals, the two business segments of the Group, with equal focus on all. The two Segments have been reported in a manner consistent with the internal reporting provided to the Board of Directors which is the Chief Operating Decision Maker (CODM).

The amounts reported to CODM are based on the accounting principles used in the preparation of financial statements as per Ind AS. Segment's performance is evaluated based on segment revenue and segment result viz. profit or loss from operating activities before exceptional items and tax. Accordingly, finance costs / income, non – operating expenses and exceptional items are not allocated to individual segment.

Segment assets / liabilities comprise assets / liabilities directly managed by each segment. Segment assets primarily include receivables, property, plant and equipment, right of use assets, capital work-in-progress, intangibles, non-current investments, inventories, cash and cash equivalents, inter-segment assets. Segment liabilities primarily include operating liabilities. Segment capital expenditure comprises additions to property, plant and equipment and intangible assets.

The reporting segments of the Group are as below:

**Cement:** This covers the sale of cement. The Group operates its cement business under the name, 'Birla Shakti Cement'.

**Rayon, TP and chemicals :** This covers sale of viscose rayon, transparent paper and filament yarn. The Group operates this business under the name, 'Kesoram Rayon'.

**Summary of the segmental information for the year ended and as of 31 March 2022 is as follows:**

| Particulars | Cement | Rayon, TP and chemicals | Total |
|---|---|---|---|
| **Segment Revenue** | | | |
| Revenue | 3,539.56 | 66.32 | 3,605.88 |
| | **3,539.56** | **66.32** | **3,605.88** |
| Segment Results [Profit/(Loss) before interest and tax and exceptional items] | 461.87 | (38.32) | 423.55 |
| Finance cost | | | (488.41) |
| Exceptional items (refer note 29) | | - | (22.35) |
| **Profit/(Loss) Before Tax** | | | **(87.21)** |
| Segment Assets | 2,765.16 | 667.82 | 3,432.98 |
| Segment Liabilities | 2,619.61 | 302.76 | 2,922.37 |
| Segment Capital Expenditure | 33.18 | 2.44 | 35.62 |
| Segment Depreciation and amortisation | 90.73 | 21.03 | 111.76 |
| Non cash expenditure other than depreciation and amortisation included in segment expense | | | (15.15) |

**Summary of the segmental information for the year ended and as of 31 March 2021 is as follows:**

| Particulars | Cement | Rayon, TP and chemicals | Total |
|---|---|---|---|
| **Segment Revenue** | | | |
| Revenue | 2,415.21 | 237.56 | 2,652.77 |
| | **2,415.21** | **237.56** | **2,652.77** |
| Segment Results [Profit/(Loss) before interest and tax] | 360.78 | (34.48) | 326.30 |
| Finance cost | | | (272.36) |
| Exceptional items (refer note 29) | | - | (220.88) |
| **Profit/(Loss) Before Tax** | | | **(166.94)** |
| Segment Assets | 2,516.28 | 715.22 | 3,231.50 |
| Segment Liabilities | 2,765.85 | 268.17 | 3,034.02 |
| Segment Capital Expenditure | 20.57 | 7.29 | 27.86 |
| Segment Depreciation and amortisation | 95.21 | 21.75 | 117.96 |
| Non cash expenditure other than depreciation and amortisation included in segment expense | | | 2.32 |

**Geographical information**

(a) Revenue from external customers:

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| India | 3,605.88 | 2,643.06 |
| Others | - | 9.71 |
| | **3,605.88** | **2,652.77** |

*None of the customers of the Group accounts for more than 10% of the revenues as at 31 March 2022 and 31 March 2021.*

**Note 40:** The Group has considered possible effects that may result from the ongoing COVID 19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of COVID 19 variants, the Group has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of the assets will be recovered. The impact of COVID 19 variants on the Group's financial statements may differ from that estimated as at the date of approval of the same.

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Kesoram Industries Limited
Notes forming part of consolidated financial statements

**Note 41: Related party transactions** (All amounts in Rupees crores, unless otherwise stated)

**List of Related Parties and relationship**

**A) Joint Venture**

Gondishari Coal Mining Limited

**B) Post Retirement Benefit Plan**

B.K. Birla Group of Companies Provident Fund Institution.
Birla Industries Provident Fund Institution.
KICM Gratuity Fund
Kesoram Superannuation Fund

**C) Key Management Personnel/Directors**
Smt. Manjushree Khaitan [Chairman]
Mr. P Radhakrishnan [Whole Time Director & CEO]
Mr. Suresh Sharma [Chief Financial Officer]
Mr. Akash Ghawalewala [Company Secretary] (resigned w.e.f 14th June, 2021)
Mr. Raghuram Nath [Company Secretary] (appointed w.e.f 15th June, 2021)
Mrs. Mangala Radhakrishna Prabhu [Independent Director] (appointed w.e.f 14th May, 2021)
Mr. Satish Narain Jalan [Additional Director] (appointed w.e.f 12th August, 2021)
Mr. Lee Saw Chuan [Independent Director]
Ms. Jikyeong Kang [Independent Director]
Mr. Kashi Prasad Khandelwal [Independent Director]
Mr. Bhaskar Neogi [Nominee Director] (resigned w.e.f 17th June, 2021)
Mr. Sudip Banerjee [Independent Director]

**D) Others**

A. Entity Controlled, Joint Controlled by Key Management Personnel

MSK Travels and Tours Ltd
Aditya Marketing & Manufacturing Private Limited
Arbela Trading and Services Private Limited
Usinara Trading and Services Private Limited
Birla Tyre Radials Limited

B. One entity is an associate of the other entity (or an associate of a group of which the other entity is a member)

Manav Investment & Trading Co Ltd & its subsidiaries

**(A) The following transactions were carried out with the related parties in the ordinary course of business.**

| Nature of Transaction/ Relationship | 2021-22 | 2020-21 |
|---|---|---|
| Provident Fund Contribution | | |
| Post Retirement Benefit Plan | 7.05 | 15.55 |
| Gratuity Claimed | | |
| Post Retirement Benefit Plan | 5.34 | 9.80 |
| Gratuity Contribution | | |
| Post Retirement Benefit Plan | 4.74 | 11.54 |
| Superannuation Contribution | | |
| Post Retirement Benefit Plan | 0.02 | 0.02 |
| Upkeep,Rent,Electricity ,Generator facility | | |
| Others | 0.26 | 0.29 |
| Tour & Travel Services | | |
| Others | 0.57 | 0.49 |
| Loan Repaid | | |
| Others | - | 4.09 |
| Loan Given | | |
| Others | - | 1.11 |
| Receipt of ICD | | |
| Others | 50.00 | 50.20 |
| Repayment of ICD | | |
| Others | - | 50.20 |
| Adjustment of ICD against Rights Issue | | |
| Others | 50.00 | - |
| Interest Expense | | |
| Others | 4.58 | 1.78 |
| Interest Income | | |
| Others | 0.12 | 0.03 |
| Interest Received | | |
| Others | 0.03 | - |
| Interest Payment | | |
| Others | - | 1.76 |
| Adjustment of Interest liability against Rights Issue (including TDS) | | |
| Others | 4.58 | - |
| Expenditure-Other Services | | |
| Others | 0.66 | 0.37 |

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**Note 41: Related party transactions** (All amounts in Rupees crores, unless otherwise stated)

**(B) Outstanding balances**

| Nature of Transaction/ Relationship | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **Payable :** | | |
| Others | 0.32 | 1.42 |
| Post Retirement Benefit Plan | (0.03) | 3.22 |
| | | |
| **Interest Payable:** | | |
| Others | 0.46 | - |
| | | |
| **Loan Receivable** | | |
| Joint Venture** | 6.17 | 6.17 |
| Others | 1.11 | 1.11 |
| | | |
| **Interest Receivable** | | |
| Joint Venture** | 0.62 | 0.62 |
| Others | 0.12 | 0.03 |
| | | |
| **Advance Receivable** | | |
| Joint Venture ** | 0.32 | 0.32 |

** Outstanding balance of Rs 7.11 crores receivable from Joint Venture has been fully provided for. Refer Note 7 (b).

**(C) Compensation of KMP of the Company**

(i) The following transactions were carried out with the KMP in the ordinary course of business.

The details of remuneration paid to key management personnel is provided in Note 25.

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| | | |
| Sitting fees to Director | 0.72 | 1.04 |
| | | |
| Reimbursement of Expenses | 0.05 | 0.04 |
| Repayment of Loan from Director | - | 20.73 |

(ii) Outstanding balances

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| | | |
| Remuneration | - | 0.23 |
| Loan from Director | - | - |

* Amount is below the rounding of norm adopted by the Group

**Kesoram Industries Limited**
**Notes forming part of consolidated financial statements**

**Note 42:** Statement of net assets, and profit or loss attributable to owners and non-controlling interest

| | 2021-22 | | | | | | | | 2020-21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Name of the entity** | **Net Assets** | **As a % of consolidated net assets** | **Net Profit / (Loss)** | **As a % of consolidated net Profit / (Loss)** | **Other comprehensive income** | **As a % of consolidated other comprehensive income** | **Total comprehensive income** | **As a % of consolidated total comprehensive income** | **Net Assets** | **As a % of consolidated net assets** | **Net Profit / (Loss)** | **As a % of consolidated net Profit / (Loss)** | **Other comprehensive income** | **As a % of consolidated other comprehensive income** | **Total comprehensive income** | **As a % of consolidated total comprehensive income** |
| **Holding Company**<br>Kesoram Industries Limited | 605.28 | 118.74% | (130.01) | 168.11% | 0.87 | 42.27% | (126.04) | 171.97% | 347.16 | 175.79% | 166.04 | 119.15% | 8.42 | 82.71% | 175.36 | 116.68% |
| **Subsidiary**<br>Cygnet Industries Limited | 210.55 | 41.24% | (101.58) | 131.34% | 1.83 | 57.83% | (100.25) | 135.60% | 310.74 | 157.38% | (195.77) | -70.49% | 1.76 | 17.29% | (194.01) | 93.21% |
| Total Eliminations | (306.22) | -59.97% | 154.25 | -199.46% | - | 0.00% | 154.25 | 208.57% | (460.47) | -233.17% | 78.95 | 56.34% | - | 0.00% | 78.95 | 52.53% |
| **Total** | **510.61** | **100.00%** | **(77.34)** | **100.00%** | **2.70** | **100.00%** | **(73.04)** | **100.00%** | **197.43** | **100.00%** | **140.11** | **100.00%** | **10.18** | **100.00%** | **150.29** | **100.00%** |

**Note 43: Other Statutory Information**

(i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group do not have any transactions with companies struck off

(iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vii) The Group have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

**Kesoram Industries Limited**
**Notes forming part of consolidated financial statements**

**Note 44: Code on Social Security**
During the previous year ended 31st March, 2021 the Central Government has published "The Code on Social Security, 2020" and "Industrial Relations Code, 2020" ("the Codes") in the Gazette of India, inter alia, subsuming various existing labour and industrial laws which deals with employees related benefits including post employment. The effective date of the codes thereunder and the rules are yet to be notified. The impact of the legislative changes, if any, will be assessed and recognised post notification of the relevant provisions.

**Note 45:** Figures for the previous year have been regrouped/reclassified wherever necessary to conform to current period's classification.

*** Amount is below the rounding off norm adopted by the Group**

For and on behalf of the Board of Directors

**Manjushree Khaitan**
*Chairman*

**Suresh Sharma**
*Chief Financial Officer*

**P Radhakrishnan**
*Whole-time Director & CEO*

**Raghuram Nath**
*Company Secretary*

Place: Kolkata
Date : 11th April,2022

KESORAM INDUSTRIES LTD. Kol-I

Deloitte Haskins & Sells Chartered Accountants

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF CYGNET INDUSTRIES LIMITED**

**Report on the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of Cygnet Industries Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its loss, (including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

**Basis for Opinion**

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

**Emphasis of Matter**

**Covid 19 Note**

We draw attention to Note 38 of the standalone financial statements, as regards to the management evaluation of COVID – 19 impact on the future performance of the company. Our opinion is not modified in respect of this matter.



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We draw attention to Note 39 to the standalone financial statements regarding preparation of the financial statements of the Company on a going concern basis. The Company had losses during the previous year and has continued to incur losses during the year also. The net current liabilities are Rs 17.40 crores as at 31st March, 2021 and the net worth of the company stands to Rs 315.86 crores as on 31st March, 2021 against Rs (81.60) Crores as at 31st March, 2020. These conditions, along with other matters as set forth in Note 38, due to lockdown during COVID the revenue of the Company has come down significantly, thus has caused uncertainty. The company ability to ramp up its business to normal levels is important to continue as a going concern.

Our opinion is not modified in respect of this matter.

**Information Other than the Standalone Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

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

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

**Management's Responsibility for the Standalone 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 to 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) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015, as amended. 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;



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selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the company's financial reporting process

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**Report on other Legal and Regulatory Requirement**

1. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and 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 Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014.

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

(i) The Company has disclosed the impact, if any, of pending litigations as at March 31, 2021 on its financial position in its standalone financial statements – Refer Note 29.

(ii) The Company did not have any long-term contracts including derivative contracts as at March 31, 2021.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended March 31, 2021.

2. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.



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3. With respect to the matter to be included in the Auditor's Report under section 197(16) of the Act, as amended:

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

For Neha Bothra& Company
Chartered Accountants
FR No.326938E
N. Bothra
Neha Bothra
Partner
Mem No– 067036
UDIN: 21067036AAAAAR5359

NEHA BOTHRA & COMPANY KOLKATA FRNo. 326938E CHARTERED ACCOUNTANTS

Kolkata
Date:13th May, 2021

**Annexure A to Independent Auditors' Report**

Referred to in paragraph 1(f) of the Independent Auditors' Report of even date to the members of **Cygnet Industries Limited** on the standalone financial statements for the year ended March 31, 2021.

**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 **Cygnet Industries Limited** ("the Company") as of March 31, 2021 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 deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



NEHA BOTHRA & COMPANY KOLKATA FRNo. 326938E CHARTERED ACCOUNTANTS

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 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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.



NEHA BOTHRA & COMPANY • CHARTERED ACCOUNTANTS • KOLKATA FRNo. 326938E

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Neha Bothra& Company
Chartered Accountants
FR No.326938E

NEHA BOTHRA & COMPANY KOLKATA FRNo. 326938E CHARTERED ACCOUNTANTS

N. Bothra.
Neha Bothra
Partner
Mem No – 067036

Kolkata
Date: 13th May, 2021

**Annexure B to Independent Auditors' Report**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Cygnet Industries Limited of even date.)**

i. In respect of the Company's fixed assets:
(a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets,

(b) The company has a program of verification to cover all the item of fixed assets in a phased manner which, in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and records examined by us the title deeds of immovable properties, as disclosed in Note -3 on fixed assets to the standalone financial statements are held in the name of the Company, except for:

| Total number of cases | Whether leasehold/freehold | Gross block (Rs. In lakhs) | Net Block ( Rs. In lakhs) | Remarks |
|---|---|---|---|---|
| 48 | Freehold | 13,660.27 | 13,660.27 | 42 deeds for freehold land and 6 deeds for office at Surat. |
| 1 | Leasehold | 234.92 | 210.66 | |

ii. The physical verification of inventory excluding stock with third parties has been conducted at reasonable intervals by the management during the period. In respect of inventories lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory, as compared to book records were not material and have been appropriately dealt with in the books of account.

iii. According to information and explanation given to us, the Company has granted unsecured loan to a body corporate, covered in the register maintained under Section 189 of the Act in respect of which:



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(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

iv. In our opinion, and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security in respect of any loans to any party covered under Section 185 of the Act.

v. The company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the Rules framed there under to the extent notified. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified, with regard to the deposits accepted from the public prior to the commencement of the Act.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed account and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, goods and service tax (GST), income tax, duty of customs, Cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no undisputed amounts payable in respect of income-tax, goods and service tax (GST), sales tax, service tax, value added tax and duty of customs as at March 31, 2021 for a period of more than six months from the date they became payable, except the following:



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| Nature of the statute | Nature of dues | Amount (Rs. In lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Central Excise Act, 1944 | Central Excise | 1.15 | September 2015-June 2016 | Commissioner of Central Excise (Appeals- II) |
| Haryana Value Added Tax Act, 2003 | VAT | 0.58 | 2017-18 | ETO cum Assessing Authority |
| West Bengal Value Added Tax Act, 2003 | Entry Tax | 153.32 | April 2016 – June 2017 | Calcutta High Court |

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to Debenture holders as at the Balance Sheet date.

ix. According to the information and explanation given to us, no money has been raised by way of Initial Public Offer or Further Public Offer (including debt instrument) and term loans have been applied for the purposes for which they were obtained.

x. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the period, nor have we been informed of any such case by the management.

xi. In our opinion and according to the information and explanations given to us, the company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company andhence the provisions of Clause 3(xii) of the Order and Nidhi Rules,2014 are not applicable to the Company.

xiii. In our opinion and according to the information and explanation given to us the company is in compliance with section 177 and 188 of Companies Act, 2013, where applicable, for all transaction with the related parties and the details of related parties transaction have been disclosed in the financial statement as required by the applicable standards.



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xiv. During the year the company has not made any preferential allotment or private placement for shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Companies Act are not applicable.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Neha Bothra& Company
Chartered Accountants
FRNo. 326938E
N. Bothra
Neha Bothra
Partner
Mem No:067036

NEHA BOTHRA & COMPANY KOLKATA FRNo. 326938E CHARTERED ACCOUNTANTS

Kolkata
Date: 13th May, 2021

**Cygnet Industries Limited**
**Balance Sheet as at 31st March, 2021**

(All amounts in Rupees Lakhs, unless otherwise stated)

| Particulars | Notes | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Non-current assets** | | | |
| (a) Property, plant and equipment | 3 | 47,805.46 | 49,378.21 |
| (b) Right-of-use assets | 3A | 305.34 | 323.05 |
| (c) Capital work-in-progress | | 1,818.54 | 1,753.19 |
| (d) Other intangible assets | 4 | 169.41 | 9.02 |
| (e) Financial assets | | | |
| (i) Investments | 5 | 0.70 | 0.70 |
| (iii) Other financial assets | 7 | 442.23 | 480.94 |
| (f) Income tax asset (Net) | | 5.18 | 151.08 |
| (g) Other non-current assets | 8 | 15.59 | 38.58 |
| **Total non-current assets** | | **50,562.45** | **52,134.75** |
| **(2) Current assets** | | | |
| (a) Inventories | 9 | 3,571.53 | 4,703.93 |
| (b) Financial assets | | | |
| (i) Trade receivables | 10 | 2,996.54 | 2,707.20 |
| (ii) Cash and cash equivalents | 11 | 650.08 | 647.15 |
| (iii) Loans | 6 | 13,037.86 | 4,264.04 |
| (iv) Other financial assets | 7 | 7.66 | - |
| (c) Other current assets | 8 | 710.43 | 563.17 |
| **Total current assets** | | **20,974.10** | **12,885.49** |
| **Total assets** | | **71,536.55** | **65,020.24** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 12 (a) | 62,653.66 | 43,005.00 |
| (b) Other equity | 12 (b) | (61,067.51) | (51,165.51) |
| **Total equity** | | **31,586.18** | **(8,160.51)** |
| **Liabilities** | | | |
| **(1) Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 13 | 16,704.92 | 7,668.06 |
| (ii) Other financial liabilities | 16 | 41.42 | 39.69 |
| (b) Provisions | 18 | 489.64 | 471.74 |
| (c) Deferred tax liabilities (net) | 14 | | - |
| **Total non-current liabilities** | | **17,235.98** | **8,179.49** |
| **(2) Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 13 | 14,293.91 | 53,957.61 |
| (ii) Trade payable | | | |
| Total Outstanding dues of micro enterprises and small enterprises | 15(a) | 1,021.23 | 59.07 |
| Total Outstanding dues of creditors other than micro enterprises and small enterprises | 15(b) | 4,112.05 | 3,809.38 |
| (iii) Other financial liabilities | 16 | 2,901.69 | 6,112.33 |
| (b) Provisions | 18 | 70.99 | 638.30 |
| (c) Other current liabilities | 17 | 316.50 | 424.57 |
| **Total current liabilities** | | **22,714.39** | **65,001.26** |
| **Total liabilities** | | **39,950.37** | **73,180.75** |
| **Total equity and liabilities** | | **71,536.55** | **65,020.24** |
| **Notes forming part of the financial statements** | 2-40 | | |

The accompanying notes are an integral part of the financial statements
This is the Balance Sheet referred in our report of even date

**For and on behalf of Board of Directors of Cygnet Industries Limited**

**For Neha Bothra & Co.**
Firm Registration Number: 326938E
Chartered Accountants

N. Bothra
**Neha Bothra**
Partner
Membership No.: 067036

**Biswajit Sen**
*Chief Executive Officer*

**Harsh Bajaj**
*Chief Financial Officer*

Deepak Kumar Sharma
**Deepak Kumar Sharma**
*Director*
*DIN: 07366064*

S. Nath
**Sharmila Nath**
*Director*
*DIN: 07041921*

Sneha Kajaria
**Sneha Kajaria**
*Director*
*DIN: 08311236*

**Kashi Prasad Khandelwal**
*Director*
*DIN: 07485523*

Ankita Agarwal
**Ankita Agarwal**
*Company Secretary*

Place: Kolkata
Date : 13.05.2021

CYGNET INDUSTRIES LTD. KOLKATA

**Cygnet Industries Limited**

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

**(All amounts in Rupees Lakhs, unless otherwise stated)**

| | Particulars | Notes | 31 March 2021 | 31 March 2020 |
|---|---|---|---|---|
| I | Revenue from operations | 19 | 23,755.79 | 31,607.97 |
| II | Other income | 20 | 624.00 | 1,245.42 |
| III | **Total Income (I+II)** | | **24,379.79** | **32,853.39** |
| IV | **Expenses:** | | | |
| | (a) Cost of material consumed | 21 | 8,723.43 | 12,279.78 |
| | (b) Purchases of stock-in-trade | | 42.80 | 7.39 |
| | (c) Changes in inventories of finished goods,work in progress and stock-in-trade | 22 | 686.97 | 389.20 |
| | (d) Employee benefit expenses | 23 | 7,432.06 | 8,560.81 |
| | (e) Depreciation and amortisation expense | 24 | 2,186.64 | 2,146.18 |
| | (f) Finance costs | 25 | 6,254.97 | 7,605.97 |
| | (g) Other expenses | 26 | 9,130.65 | 10,776.35 |
| | **Total expenses** | | **34,457.52** | **41,765.68** |
| V | **Profit/(Loss) before exceptional items and tax (III-IV)** | | **(10,077.73)** | **(8,912.29)** |
| VI | **Exceptional Items** | | - | - |
| VII | **Profit/(Loss) before tax (V+VI)** | | **(10,077.73)** | **(8,912.29)** |
| VIII | **Tax expense:** | 27 | | |
| | (1) Current tax charge / (credit) | | - | - |
| | (2) Deferred tax / (credit) | | - | - |
| | **Total tax expense** | | - | - |
| IX | **Profit/(Loss) for the year (VII-VIII)** | | **(10,077.73)** | **(8,912.29)** |
| X | **Other comprehensive income** | | | |
| | **Items that will not be reclassified to profit or loss** | | | |
| | Remeasurement of post-employment benefit plans | | 175.73 | (411.46) |
| | Fair value changes of investments in equity shares | | - | (53.37) |
| | **Total other comprehensive income/(loss)** | | **175.73** | **(464.83)** |
| XI | **Total comprehensive income/(loss) for the year (IX+X)** | | **(9,902.00)** | **(9,377.12)** |
| XII | **Earnings per share** | 28 | | |
| | Basic (Rs.) | | (1.69) | (2.07) |
| | Diluted (Rs.) | | (1.69) | (2.07) |
| XIII | **Notes forming part of the financial statements** | 1 - 40 | | |

The accompanying notes are an integral part of the financial statements.
This is the Balance Sheet referred in our report of even date.

**For Neha Bothra & Co.**
Firm Registration Number: 326938E
Chartered Accountants

N. Bothra

**Neha Bothra**
Partner
Membership No.: 067036

NEHA BOTHRA & COMPANY KOLKATA FRNo. 326938E CHARTERED ACCOUNTANTS

CYGNET INDUSTRIES LTD. KOLKATA

Place: Kolkata
Date : 13.05.2021

**For and on behalf of Board of Directors of Cygnet Industries Limited**

**Biswajit Sen**
*Chief Executive Officer*

**Harsh Bajaj**
*Chief Financial Officer*

Deepak Kumar Sharma

**Deepak Kumar Sharma**
*Director*
*DIN: 02555564*

**Sharmila Nath**
*Director*
*DIN: 07041921*

Sneha Kajaria

**Sneha Kajaria**
*Director*
*DIN: 08311236*

**Kashi Prasad Khandelwal**
*Director*
*DIN: 0748523*

Ankita Agarwal

**Ankita Agarwal**
*Company Secretary*

Cygnet Industries Limited
Statement of Changes in Equity for the year ended 31st March, 2021

A. Equity share capital

(All amounts in Rupees Lakhs, unless otherwise stated)

| Description | Notes | Amount |
|---|---|---|
| **As at 31 March 2019** | | 43,005.00 |
| Changes in equity share capital | 12 (a) | - |
| **As at 31 March 2020** | | **43,005.00** |
| Changes in equity share capital* | 12 (a) | 49,648.69 |
| **As at 31st March 2021** | | **92,653.69** |

*Loan Converted to Equity

B. Other equity

| Particulars | FVOCI - equity instruments | Retained earnings | Total other equity |
|---|---|---|---|
| **Balance at 31 March 2020** | - | (51,165.50) | (51,165.50) |
| Profit for the year | - | (10,077.73) | (10,077.73) |
| Other comprehensive income/(expense) | - | 175.73 | 175.73 |
| **Total comprehensive income for the year** | - | (9,902.00) | (9,902.00) |
| Transfer within equity | - | - | - |
| **Balance as at 31st March 2021** | - | (61,067.52) | (61,067.52) |

| Particulars | FVOCI - equity instruments | Retained earnings | Total other equity |
|---|---|---|---|
| **Balance at 31 March 2019** | (181.92) | (41,606.44) | (41,788.36) |
| Profit for the year | - | (8,912.29) | (8,912.29) |
| Other comprehensive income/(expense) | (53.37) | (411.46) | (464.83) |
| **Total comprehensive income for the year** | (53.37) | (9,323.75) | (9,377.12) |
| Transfer within equity | 235.29 | (235.29) | - |
| **Balance at 31 March 2020** | - | (51,165.50) | (51,165.50) |

**The above statement of changes in equity should be read in conjunction with the accompanying notes.**

**For Neha Bothra & Co.**
Firm Registration Number: 326938E
Chartered Accountants

N. Bothra
**Neha Bothra**
Partner
Membership No.: 067036

NEHA BOTHRA & COMPANY KOLKATA FRNo. 326938E CHARTERED ACCOUNTANTS

Place: Kolkata
Date : 13.05.2021

CYGNET INDUSTRIES LTD. KOLKATA

**Biswajit Sen**
*Chief Executive Officer*

Deepak Kumar Sharma
**Deepak Kumar Sharma**
*Director*
*DIN: 02555564*

Sneha Kajaria
**Sneha Kajaria**
*Director*
*DIN: 08311236*

Ankita Agarwal
**Ankita Agarwal**
*Company Secretary*

**For and on behalf of Board of Directors of Cygnet Industries Limited**

Harsh Bajaj
**Harsh Bajaj**
*Chief Financial Officer*

S. Nath
**Sharmila Nath**
*Director*
*DIN: 07041921*

**Kashi Prasad Khandelwal**
*Director*
*DIN: 0748523*

**Cygnet Industries Limited**
**Cash flow statement for the year ended 31st March, 2021**

(All amounts in Rupees Lakhs, unless otherwise stated)

| Particulars | Year ended 31st March, 2021 | Year ended 31st March, 2020 |
|---|---|---|
| **A. Cash Flow From Operating Activities** | | |
| Net Profit/(Loss) before tax | (10,077.73) | (8,912.29) |
| Adjustments for: | - | - |
| Depreciation and amortisation | 2,186.64 | 2,146.18 |
| Provision for bad and doubtful debts/advances and others | 74.55 | 370.55 |
| Finance costs | 6,254.97 | 7,605.97 |
| Unrealised loss/(gain) on foreign currency fluctuation | (0.15) | (4.80) |
| Loss/ (gain) on sale of property, plant and equipment (net) | (0.01) | - |
| Loss/ (gain) on sale of investments (net) | - | - |
| Liabilities/Provision no longer required written back (net) | (27.66) | (67.84) |
| Dividend Income | - | - |
| Interest income | (460.48) | (1,013.55) |
| **Operating profit/(loss) before working capital changes** | **-2,049.87** | **124.21** |
| **Changes in Working Capital:** | | |
| Increase / (decrease) in trade and other payables | 1,551.13 | (17.24) |
| (Increase) / decrease in trade and other receivables | (469.43) | 1,092.81 |
| (Increase) / decrease in inventories | 1,132.40 | 1,318.45 |
| **Cash Generated from Operations** | - | - |
| Direct taxes paid (net of refunds) | 148.96 | 4.11 |
| **Net cash generated/(used) in operating activities** | **313.19** | **2,522.34** |
| **B. Cash flow from Investing Activities:** | | |
| Purchase of fixed assets/Capital Advance given | (728.89) | (1,142.70) |
| Proceeds from sale of property, plant and equipment | 0.07 | - |
| Sale of equity shares and units of mutual fund | - | 398.67 |
| Loan to body corporate | (8,801.05) | (21,738.44) |
| Repayment of Loan by body corporate | 27.23 | 18,089.90 |
| Dividend received | - | - |
| Interest received | 501.87 | 1,015.46 |
| **Net cash generated/(used) in investing activities** | **(9,000.77)** | **(3,377.10)** |
| **C. Cash flow from Financing Activities** | | |
| Finance cost paid | (7,474.31) | (6,699.60) |
| Payment of Lease obligations | (83.18) | (56.25) |
| Proceeds from | - | |
| - Short term borrowings | 41,244.38 | 35,281.57 |
| - Long term borrowings | 17,741.00 | - |
| Repayment of | - | - |
| - Short term borrowings | (20,803.43) | (31,779.51) |
| - Long term borrowings | (12,256.08) | (2,812.50) |
| **Net cash generated from financing activities** | **18,368.37** | **(6,066.30)** |
| Net (decrease)/increase in cash and cash equivalents | 9,680.79 | (6,921.06) |
| Cash and cash equivalents at the beginning of the year | 647.15 | 32.85 |
| Less: Cash credits at the beginning of the year | (10,849.44) | (3,314.08) |
| **Adjusted cash & cash equivalents at the beginning of the year** | (10,202.30) | (3,281.24) |
| **Cash and cash equivalents at the end of the period** | **(521.50)** | **(10,202.31)** |
| **Non-cash financing and investing activities** | | |
| Shares issued for conversion of Inter Corporate Debt (ICD) from parent company into equity | 49,649 | - |
| | **49,649** | - |

| | 31st March, 2021 | 31st March, 2020 |
|---|---|---|
| **Cash and Cash Equivalents comprise :** | | |
| Cash on hand | 0.20 | 0.25 |
| Balances with banks on current account | 649.88 | 646.90 |
| Cash credits at the end of the period | (1,171.58) | (10,849.44) |
| Deposit with original maturity for less than three months | - | - |
| | **(521.50)** | **(10,202.30)** |

*Figures in bracket represents outflows.*
*This is the Cash Flow Statement referred to in our report of even date.*

**For Neha Bothra & Co.**
Firm Registration Number: 326938E
Chartered Accountants

N. Bothra

**Neha Bothra**
Partner
Membership No.: 067036

Place: Kolkata
Date : 13.05.2021

**Biswajit Sen**
*Chief Executive Officer*

Deepak Kumar Sharma

**Deepak Kumar Sharma**
*Director*
*DIN: 02555564*

Sneha Kajaria

**Sneha Kajaria**
*Director*
*DIN: 08311236*

Ankita Agarwal

**Ankita Agarwal**
*Company Secretary*

**For and on behalf of Board of Directors of Cygnet Industries Limited**

**Harsh Bajaj**
*Chief Financial Officer*

S. Nath

**Sharmila Nath**
*Director*
*DIN: 07041921*

**Kashi Prasad Khandelwal**
*Director*
*DIN: 0748523*

Cygnet Industries Limited
Notes forming part of financial statements

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 3: Property, plant and equipment

| Particulars | GROSS BLOCK - AT COST | | | | DEPRECIATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2020 | Additions during the Year | Adjustments/ Sold during the Year | As at 31 March 2021 | Upto 1 April 2020 | Provided during the Year | Adjustments during the Year | Upto 31 March 2021 | As at 31 March 2021 |
| I. Tangible Assets: * | | | | | | | | | |
| Land : | | | | | | | | | |
| - Freehold # | 13,660.27 | - | - | 13,660.27 | - | - | - | - | 13,660.27 |
| Buildings | 16,903.40 | 0.34 | - | 16,903.74 | 2,050.55 | 512.40 | - | 2,562.95 | 14,340.79 |
| Plant and Equipment | 25,897.27 | 499.33 | - | 26,396.60 | 5,193.89 | 1,535.17 | - | 6,729.06 | 19,667.54 |
| Furniture and Fixtures | 181.74 | - | 0.51 | 181.23 | 63.57 | 18.39 | 0.47 | 81.49 | 99.73 |
| Office Equipment | 64.87 | 7.48 | 0.31 | 72.04 | 44.18 | 9.79 | 0.29 | 53.68 | 18.36 |
| Vehicles | 34.55 | - | - | 34.55 | 11.69 | 4.10 | - | 15.79 | 18.76 |
| | 56,742.10 | 507.15 | 0.82 | 57,248.43 | 7,363.88 | 2,079.85 | 0.76 | 9,442.97 | 47,805.46 |

# Transfer of title of the entire land measuring 100.7246 acres is under process.

* Property, plant and equipment are mortgaged against loan taken from WBIDFC. (Refer Note 13)

| Particulars | GROSS BLOCK - AT COST | | | | DEPRECIATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2019 | Additions during the Year | Adjustments/ Sold during the Year | As at 31 March 2020 | Upto 1 April 2019 | Provided during the Year | Adjustments during the Year | Upto 31 March 2020 | As at 31 March 2020 |
| I. Tangible Assets: * | | | | | | | | | |
| Land : | | | | | | | | | |
| - Freehold # | 13,660.27 | - | - | 13,660.27 | - | - | - | - | 13,660.27 |
| Buildings | 16,903.40 | - | - | 16,903.40 | 1,537.37 | 513.18 | - | 2,050.55 | 14,852.85 |
| Plant and Equipment | 25,326.27 | 571.00 | - | 25,897.27 | 3,673.49 | 1,520.40 | - | 5,193.89 | 20,703.38 |
| Furniture and Fixtures | 176.12 | 5.62 | - | 181.74 | 45.87 | 17.70 | - | 63.57 | 118.16 |
| Office Equipment | 58.87 | 6.00 | - | 64.87 | 33.96 | 10.22 | - | 44.18 | 20.69 |
| Vehicles | 34.55 | - | - | 34.55 | 7.59 | 4.10 | - | 11.69 | 22.86 |
| | 56,159.48 | 582.62 | - | 56,742.10 | 5,298.28 | 2,065.61 | - | 7,363.88 | 49,378.21 |

# Transfer of title of the entire land measuring 100.7246 acres is under process.

* Property, plant and equipment continues to be mortgaged against loan taken by the holding company, namely Kesoram Industries Limited.

Note: 3A Right to Use Assets

| Particulars | GROSS BLOCK - AT COST | | | | DEPRECIATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2020 | Additions during the Year | Adjustments/ Sold during the Year | As at 31 March 2021 | Upto 1 April 2020 | Provided during the Year | Adjustments during the Year | Upto 31 March 2021 | As at 31 March 2021 |
| Land ## $ | 234.92 | - | - | 234.92 | 19.41 | 4.85 | - | 24.26 | 210.66 |
| Building | 168.93 | 70.11 | - | 239.04 | 61.40 | 82.96 | - | 144.36 | 94.68 |
| | 403.85 | 70.11 | - | 473.96 | 80.81 | 87.81 | - | 168.62 | 305.34 |

## The registration of leasehold land is in process.
$ Reclassified from Lease hold asset to Right-to-use asset as per Ind AS 116 with effect from 01.04.2019 (Refer note no. 37)

| Particulars | GROSS BLOCK - AT COST | | | | DEPRECIATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2019 | Additions during the Year | Adjustments/ Sold during the Year | As at 31 March 2020 | Upto 1 April 2019 | Provided during the Year | Adjustments during the Year | Upto 31 March 2020 | As at 31 March 2020 |
| Land ## $ | 234.92 | - | - | 234.92 | 14.55 | 4.85 | - | 19.40 | 215.52 |
| Building | - | 168.93 | - | 168.93 | - | 61.40 | - | 61.40 | 107.53 |
| | 234.92 | 168.93 | - | 403.85 | 14.55 | 66.25 | - | 80.80 | 323.05 |

## The registration of leasehold land is in process.
$ Reclassified from Lease hold asset to Right-to-use asset as per Ind AS 116 with effect from 01.04.2019 (Refer note no. 37)

Note 4: Other intangible assets

| Particulars | GROSS BLOCK - AT COST | | | | DEPRECIATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2020 | Additions during the Year | Adjustments/ Sold during the Year | As at 31 March 2021 | Upto 1 April 2020 | Provided during the Year | Adjustments during the Year | Upto 31 March 2021 | As at 31 March 2021 |
| Computer Software | 63.56 | 179.37 | - | 242.93 | 54.54 | 18.98 | - | 73.52 | 169.41 |
| | 63.56 | 179.37 | - | 242.93 | 54.54 | 18.98 | - | 73.52 | 169.41 |

| Particulars | GROSS BLOCK - AT COST | | | | DEPRECIATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2019 | Additions during the Year | Adjustments/ Sold during the Year | As at 31 March 2020 | Upto 1 April 2019 | Provided during the Year | Adjustments during the Year | Upto 31 March 2020 | As at 31 March 2020 |
| Computer Software | 63.56 | - | - | 63.56 | 40.23 | 14.31 | - | 54.54 | 9.02 |
| | 63.56 | - | - | 63.56 | 40.23 | 14.31 | - | 54.54 | 9.02 |

*(i) Property, plant and equipment pledged as security*
Refer to note 13 for information on property, plant and equipment pledged as security by the Company.

*(ii) Contractual obligations*
Refer to note 30 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

CYGNET INDUSTRIES LTD. KOLKATA

NEHA BOTHRA & COMPANY KOLKATA FRNo. 326[illegible] CHARTERED ACCOUNTANTS

Cygnet Industries Limited

Notes forming part of financial statements

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 5 : Investments

| Particulars | Face value | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| **Non-current** | | | |
| **A. Investments carried at amortised cost:** | | | |
| NSC savings certificate # | | 0.70 | 0.70 |
| **B. Investments carried at fair value through other comprehensive income (FVTOCI):** | | | |
| **Investments in Equity shares** | | | |
| *(i) Quoted* | | | |
| NIL (31 March, 2020: NIL) | Rs 10 each | - | - |
| NIL (31 March, 2020: NIL) | Rs 10 each | - | - |
| | | **0.70** | **0.70** |
| **Classified as:** | | | |
| Current | | - | - |
| Non-Current | | 0.70 | 0.70 |
| | | **0.70** | **0.70** |

(i) The carrying value and market value of quoted and unquoted investments are as below:

**(a) Quoted**

| | | |
|---|---|---|
| Carrying value | - | - |
| Market value | - | - |
| **(b) Unquoted** | | |
| Carrying value | 0.70 | 0.70 |

# Pledged with govt. authorities

CYGNET INDUSTRIES LTD. KOLKATA

(All amounts in Rupees Lakhs, unless otherwise stated)

**Note 6: Loans**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **A. Non-current** | | |
| Unsecured, considered good | | |
| (a) Loan to joint venture company | - | - |
| Less: Allowance for credit loss | - | - |
| (c ) Loan to others | - | - |
| | - | - |
| **B. Current** | | |
| (a) Loan to various body corporate*(Bearing interest) | 11,654.38 | 3,289.82 |
| (b) Loan to employees | - | - |
| (c ) Loan to others | - | - |
| Interest accrued but not due | 1,383.48 | 974.22 |
| | 13,037.86 | 4,264.04 |

* Unsecured bearing interest

**Note 7: Other Financial Asset**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Non-current** | | |
| Security Deposits (Unsecured-Considered Good) | 25.75 | 27.91 |
| Deposit with Bank # | 410.00 | 402.60 |
| Interest accrued on deposits | 6.47 | 50.43 |
| | 442.23 | 480.94 |
| **Current** | | |
| Deposit with Bank /Financial Institutions | 5.10 | - |
| Interest accrued on deposits/loan | 2.56 | - |
| | 7.66 | - |
| # Deposit with Bank includes:- | | |
| - Deposits pledged with the govt. authorities | 5.10 | 5.10 |
| - Deposits pledged with WBIIDC for DSRA for secured borrowings (Refer Note 13) | 410.00 | 397.50 |

**Note 8: Other assets**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Non-Current** | | |
| Capital Advances | 15.59 | 38.58 |
| | 15.59 | 38.58 |
| **Current** | | |
| Advance recoverable in cash or kind | 597.85 | 446.52 |
| Balances with statutory/Government Authorities | 26.55 | 30.88 |
| Prepaid Expenses | 91.61 | 81.51 |
| Accruals under duty exemption scheme | 0.40 | 4.26 |
| | 710.43 | 563.17 |

**Note 9: Inventories #**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Raw Materials | 596.26 | 1,060.54 |
| Work-in-Progress | 760.91 | 520.01 |
| Finished Goods | 722.90 | 1,658.21 |
| Stock-in-trade | 6.17 | 3.73 |
| Stores and Spare Parts | 1,480.29 | 1,461.44 |
| | 3,571.53 | 4,703.93 |
| **Included above, goods-in-transit:** | | |
| Raw materials | 56.10 | 92.80 |
| Finished goods | 1.65 | 60.44 |
| Stores and spare parts | 23.46 | 21.50 |
| | 81.21 | 174.74 |

The cost of inventories recognised as an expense includes Rs. 2.08 lakhs (31 March 2020 - Rs. 3.36 lakhs) in respect of write-downs of slow moving and obsolete inventory.

# Refer Note no 13 for information on current assets pledged as security by the company.

**Note 10: Trade receivables #**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Current** | | |
| Trade Receivables | | |
| (a) Secured, considered good | - | - |
| (b) Unsecured, considered good | 2,996.54 | 2,707.20 |
| (c) Significant increase in credit risk | - | - |
| (d) Credit impaired | 168.19 | 174.43 |
| | 3,164.73 | 2,881.63 |
| Allowance for credit losses | (168.19) | (174.43) |
| | 2,996.54 | 2,707.20 |

# Refer Note no 13 for information on current assets pledged as security by the company.

**Note 11 : Cash and cash equivalents**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 0.20 | 0.25 |
| **Balances with bank** | | |
| On Current accounts # | 649.88 | 646.90 |
| On Cash Credit Accounts | - | - |
| Deposit with original maturity for less than three months | - | - |
| | 650.08 | 647.15 |

# Includes one Bank Account which is pending to be transfereed in the name of the Company. However, closure for the same is under process.

CYGNET INDUSTRIES LTD. KOLKATA

NEHA BOTHRA & COMPANY KOLKATA FRNo. 326941E CHARTERED ACCOUNTANTS

Cygnet Industries Limited
Notes forming part of financial statements

**Note 12: Equity share capital and other equity**

**Note 12 (a): Equity share capital**

**(All amounts in Rupees Lakhs, unless otherwise stated)**

**Authorised equity share capital**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| 100,00,00,000 Equity Shares of Rs 10 each<br>(31 March 2020: 1,00,00,00,000 Equity Shares of Rs. 10 each) | 1,00,000.00 | 1,00,000.00 |
| | **1,00,000.00** | **1,00,000.00** |

**Issued, subscribed and paid-up equity share capital**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| 92,65,36,876 Equity Shares of Rs 10 each fully paid up<br>(31 March 2020: 43,00,50,000 Equity Shares of Rs. 10 each fully paid up) | 92,653.69 | 43,005.00 |
| | **92,653.69** | **43,005.00** |

(i) Movement in equity share capital

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Number of shares outstanding at the beginning of the period | 43,00,50,000 | 43,00,50,000 |
| Add: Shares issued during the period | 49,64,86,876 | - |
| **Number of shares outstanding at the end of the period** | **92,65,36,876** | **43,00,50,000** |

Terms and rights attached to equity shares
The Company has equity shares having a par value of Rs. 10 per share. All equity shareholders are entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion to their shareholdings.

(ii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company.

| Name of the shareholders | 31 March 2021 | | 31 March 2020 | |
|---|---|---|---|---|
| | Number of shares | % holding | Number of shares | % holding |
| Kesoram Industries Limited | 92,65,36,876 | 100% | 43,00,50,000 | 100% |
| | **92,65,36,876** | **100%** | **43,00,50,000** | **100%** |

(iii) Aggregate number of shares issued for consideration other than cash

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Shares issued as consideration for conversion of Inter Corporate Debt (ICD) from Kesoram Industries Limited into equity # | 49,64,86,876 | - |

# As per Section 62 (3) of the companies act 2013, the company has converted loan of Rs 496.49 crores from holding company into 49,64,86,876 equity shares of Rs 10 each at par aggregating to Rs 496.49 crores vide board resolution dated 31 December 2020.

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Note 12 (b) : Other Equity

(All amounts in Rupees Lakhs, unless otherwise stated)

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| (i) Retained earnings | (61,067.51) | (51,165.51) |
| (ii) Fair value through other comprehensive income (FVOCI)- equity instruments | 0.00 | 0.00 |
| **Total reserves and surplus** | **(61,067.51)** | **(51,165.51)** |

**(i) Retained earning**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Opening balance | (51,165.51) | (41,606.44) |
| Net profit/(loss) for the period | (10,077.73) | (8,912.29) |
| Items of other comprehensive income recognised directly in retained earnings | | |
| - Remeasurement of post-employment benefit obligation, net of tax | 175.73 | (411.46) |
| Transfer in equity | - | (235.29) |
| **Closing balance** | **(61,067.51)** | **(51,165.51)** |

**(ii) Fair value through other comprehensive income (FVOCI)- equity instruments**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Opening balance | 0.00 | (181.92) |
| Change in fair value of FVOCI equity instruments | - | (53.37) |
| Transfer in equity | - | 235.29 |
| **Closing balance** | **0.00** | **0.00** |

**Nature and purpose of other reserves**

(b) Fair value through other comprehensive income (FVOCI)- equity instruments

The cumulative gains and losses arising on fair value changes of equity investments measured at fair value through other comprehensive income are recognised in FVOCI - equity instruments reserve. The balance of the reserve represents such changes recognised net of amounts reclassified to retained earnings on disposal of such investments.

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Cygnet Industries Limited
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(All amounts in Rupees Lakhs, unless otherwise stated)

Note 13: Borrowings (measured at amortised cost)

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Non-Current** | | |
| **(a) Secured** | | |
| Term Loan from banks | 4,741.00 | - |
| Term Loan from Financial Institutions [Refer note (a) below] | 12,660.23 | 12,156.08 |
| **(b) Unsecured** | | |
| Term Loan from banks | - | - |
| Term Loan from Financial Institutions | - | - |
| | 17,401.23 | 12,156.08 |
| *Less: Current maturities of long term borrowings* | 906.01 | 4,687.50 |
| *Add: Interest accrued on long term borrowings* | 209.70 | 199.48 |
| | 16,704.92 | 7,668.06 |
| **Current [Refer note (b) below]** | | |
| **(a) Secured** | | |
| Working Capital Loan from banks | | |
| Overdraft/ Cash credit | 1,074.58 | 10,849.24 |
| Foreign currency Loan -Buyer's credit | - | - |
| Term Loan from Banks | - | - |
| **(b) Unsecured** | | |
| Short term Loan from bank | - | - |
| Borrowings from holding company | 12,946.09 | 41,774.33 |
| Borrowings from Body Corporate (bearing interest) | - | 379.50 |
| | 14,117.67 | 53,003.27 |
| *Add: Interest accrued on short term borrowings* | 174.24 | 954.34 |
| | 14,291.91 | 53,957.61 |

**Net debt reconciliation**

This section sets out an analaysis of debt and the movements in net debt for the current period

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Cash and cash equivalents | 650.08 | 647.15 |
| Non-current borrowings | (16,704.92) | (7,668.06) |
| Current borrowings | (14,291.91) | (53,957.61) |
| **Total** | **(30,346.75)** | **(60,978.52)** |

| Particulars | Other assets | Liabilities from financing activities | | Total |
|---|---|---|---|---|
| | Cash and cash equivalents | Non-current borrowings | Current borrowings | |
| **Net debt as at 1 April 2020** | 647.15 | (7,668.06) | (53,957.61) | (60,978.52) |
| Cash flows | 2.94 | (5,484.92) | (10,763.10) | (16,245.07) |
| Interest expenses | - | (4,925.58) | (1,329.39) | (6,254.97) |
| Interest paid | - | 5,364.82 | 2,109.49 | 7,474.31 |
| Loan Converted to Equity | | - | 49,648.69 | 49,648.69 |
| Changes in current maturities | - | (3,991.19) | - | (3,991.19) |
| **Net debt as at 31 March 2021** | **650.09** | **(16,704.93)** | **(14,291.92)** | **(30,346.75)** |

| Particulars | Other assets | Liabilities from financing activities | | Total |
|---|---|---|---|---|
| | Cash and cash equivalents | Non-current borrowings | Current borrowings | |
| **Net debt as at 1 April 2019** | 32.84 | (11,193.62) | (42,238.26) | (53,399.04) |
| Cash flows | 614.30 | 2,812.50 | (11,037.41) | (7,610.60) |
| Change in cash credit considered as cash and cash equivalent for statement of cash flow | - | - | - | - |
| Interest expenses | | (6,430.60) | (1,175.38) | (7,605.97) |
| Interest paid | | 6,405.64 | 493.45 | 6,899.08 |
| Changes in current maturities | | 738.02 | | 738.02 |
| **Net debt as at 31 March 2020** | **647.15** | **(7,668.06)** | **(53,957.61)** | **(60,978.52)** |

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(All amounts in Rupees Lakhs, unless otherwise stated)

**(a) Repayment terms and nature of securities given for indian rupee term loan from Banks**

| Bank | 31-Mar-21 | 31-Mar-20 | Nature of Security | Repayment Terms |
|---|---|---|---|---|
| **Term Loan from Bank:** | | | | |
| Indusind Bank | 4,741.00 | - | Second Charge over Current Assets of the Company.<br>Pledge on 43,25,000 (free) and 1,02,38,787 (lock in till 30.06.2021) number of shares of Birla Tyres Limited held by Manav Investment and Trading Company Limited. | By way of 48 equal instalments payable on the last day of the month after the 12th month of First Availment. |

**(b) Repayment terms and nature of securities given for indian rupee term loan from Financial institutions**

| Bank | 31-Mar-21 | 31-Mar-20 | Nature of Security | Repayment Terms |
|---|---|---|---|---|
| **Term Loan from Financial Institutions:** | | | | |
| WBIIDFC | 12,660.23 | 12,156.08 | First and exclusive charge on all Movable and Immovable fixed assets of Cygnet Industries Limited save except the Corporate Office Assets.<br>2nd pari passu charge on all Current Assets of the Company.<br>For fullfilling the DSRA requirements Fixed Deposit for an amount equivalent to three months interest is to be maintained with WBIIDFC. | By way of Balloon Repayment commencing from 31.03.2021 as per Annexure - I provided by WBIIDFC. |

**(c) Repayment terms and nature of securities given for short term borrowings**

1. Secured by way of hypothecation, exclusive first charge on entire current assets of the company.
Pledge on 43,25,000 (Free) and 1,02,38,787 (Lock in till 30.06.2021) number of shares of Birla Tyres Limited held by Manav Investment and Trading Company Limited.

2. Cash credit is repayable on demand.

3. Interest payable on Short Term Borrowings is in the range of 10.00% to 15.00%.

4. Loan from holding company is repayable on demand, interest payable @10.50% p.a.

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**Cygnet Industries Limited**
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**Note 14: Deferred tax liabilities**

**The balance comprsies temporary differences attributable to:**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Deferred tax liabilities** | | |
| Timing difference w.r.t Property, plant and equipment | 5,068.58 | 5,742.10 |
| Others | 70.37 | 10.98 |
| **Gross deferred tax liability** | **5,138.95** | **5,753.08** |
| **Deferred tax assets** | | |
| Unabsorbed depreciation | - | - |
| Capital loss | 636.46 | 636.46 |
| Business losses | 4,080.29 | 4,427.01 |
| Others | 422.20 | 689.61 |
| **Gross deferred tax asset** | **5,138.95** | **5,753.08** |
| **Net deferred tax liability** | - | - |

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(All amounts in Rupees Lakhs, unless otherwise stated)

**Note 15: Trade payables**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Current** | | |
| (a) Total outstanding dues of micro, small and medium enterprises (Refer Note 31) | 1,021.25 | 59.07 |
| (b) Total outstanding dues of creditors other than micro, small and medium enterprises | | |
| (i) Acceptances | - | - |
| (ii) Others | 3,365.28 | 3,195.92 |
| Employee's benefits payable | 746.76 | 613.46 |
| | **4,112.05** | **3,809.38** |

**Note 16: Other financial liabilities**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Non- Current** | | |
| Lease Liabilities | 41.42 | 39.69 |
| **Current** | | |
| Retention & Earnest deposits | 78.54 | 89.65 |
| Current Maturity of long term Debt (Refer note no. 13) | 696.31 | 4,687.50 |
| Other Payables | 2,126.84 | 1,335.19 |
| | **2,901.69** | **6,112.34** |

**Note 17: Other liabilities**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Current** | | |
| Advance from customers | 22.85 | 24.02 |
| Statutory dues | 293.65 | 400.55 |
| Others | - | - |
| | **316.50** | **424.57** |

(a) There are no amount due and outstanding to be credited to Investor Education and Protection Fund as at Balance Sheet Date.

**Note 18: Provision**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Non current** | | |
| **Provision for Employee Benefits** | | |
| Provision for gratuity | - | - |
| Provision for leave encashment (unfunded) | 489.64 | 471.74 |
| **Total Non-Current provisions** | **489.64** | **471.74** |
| **Current** | | |
| **Provision for Employee Benefits** | | |
| Provision for gratuity | 36.74 | 600.89 |
| Provision for leave encashment (unfunded) | 34.26 | 37.41 |
| **Total current provisions** | **70.99** | **638.30** |

Refer to note 23 for disclosure on employee benefits.

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Cygnet Industries Limited

Notes forming part of financial statements

(All amounts in Rupees Lakhs, unless otherwise stated)

**Note 19: Revenue from operations**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Revenue from contracts with customers # | | |
| Sale of products | 23,739.32 | 31,564.77 |
| Other operating revenues | 16.47 | 43.19 |
| | **23,755.79** | **31,607.97** |

**# The entire revenue is being recorded at a point in time.**

The Company has recognised the following revenue-related contract liabilities

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Contract liabilities - Advance from customers | 22.85 | 24.02 |
| **Total contract liabilities** | **22.85** | **24.02** |

**Note 20: Other Income**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| (a) Liabilities no longer required written back (net) | 27.66 | 67.84 |
| (b) Interest income | - | - |
| - on financial instruments at amortised cost | 15.35 | 39.01 |
| - on loan and others | 445.13 | 974.54 |
| (c) Miscellaneous income | 135.86 | 164.03 |
| (d) Gain on investments carried at fair value through profit or loss | - | - |
| (e) Profit on sale of Investments(net) | - | - |
| | **624.00** | **1,245.42** |

**Note 21: Cost of material consumed**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Opening inventory | 1,060.54 | 1,585.09 |
| Add: Purchases | 8,259.15 | 11,755.23 |
| Less: Closing Stock | 596.26 | 1,060.54 |
| | **8,723.43** | **12,279.78** |

**Purchase of stock-in-trade comprise :**

| Particulars | Base Unit | Quantity | | Amount (Rs.) | |
|---|---|---|---|---|---|
| | | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31 March 2020 |
| Rayon Yarn | KG | 12,560 | 1,550 | 41.76 | 6.08 |
| CTC Tea | KG | 505 | 700 | 1.04 | 1.31 |
| | | | | 42.80 | 7.39 |

**Cost of material consumed of Traded Goods**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Opening inventory | 3.73 | - |
| Add: Purchases | 42.80 | 7.39 |
| Less: Closing Stock | 6.17 | 3.73 |
| | **40.35** | **3.66** |

**Note 22: Changes in inventories of finished goods, work in progress and Stock in Trade**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Opening Stock | | |
| - Work - in - Process | 520.01 | 684.72 |
| - Finished Goods | 1,658.21 | 1,886.42 |
| - Stock-in-trade | 3.73 | - |
| Less: Closing Stock | | |
| - Work - in - Process | 760.91 | 520.01 |
| - Finished Goods | 727.90 | 1,658.21 |
| - Stock-in-trade | 6.17 | 3.73 |
| | **686.97** | **389.20** |

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(All amounts in Rupees Lakhs, unless otherwise stated)

| Particulars | | | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|---|---|
| **01 April 2019** | | | 3,127.76 | 2,897.09 | 230.67 |
| Current service cost | | | 179.02 | - | 179.02 |
| Acquisition Adjustment | | | - | - | - |
| **Interest expense/(income)** | | | 201.61 | (191.21) | 10.40 |
| **Total amount recognised in profit or loss** | | | **380.63** | **(191.21)** | **189.42** |
| | | | | | - |
| *Remeasurement* | | | | | - |
| Return on plan assets, excluding amounts included in interest expense/(income) | | | - | (86.89) | 86.89 |
| Actuarial (gain)/loss from change on plan assets | | | - | - | - |
| Actuarial (gain)/loss from change in financial assumptions | | | 226.66 | - | 226.66 |
| Actuarial (gain)/loss from obligations | | | 97.91 | - | 97.91 |
| **Total amount recognised in other comprehensive income** | | | **324.56** | **(86.89)** | **411.45** |
| Employer contributions/ premium paid | | | - | 230.69 | (230.69) |
| Benefit payments | | | 146.11 | 146.11 | - |
| **31 March 2020** | | | **3,686.85** | **3,085.99** | **600.86** |

***(iv) Significant estimates: actuarial assumptions***

The significant actuarial assumptions were as follows:

| Particulars | | | 31 March 2021 | 31 March 2020 |
|---|---|---|---|---|
| Discount rate | | | 6.80% | 6.60% |
| Salary growth rate | | | 5.00% | 5.00% |
| Attrition rate | | | 12 per thousand | 10 per thousand |
| Mortality rate | | | IALM (2012-2014) ULTIMATE | IALM (2006-2008) ULTIMATE |

***(v) Sensitivity analysis***

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| Particulars | Impact on defined benefit obligation | | | |
|---|---|---|---|---|
| | 31 March 2021 | | 31 March 2020 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate **(-/+ 0.5%)** | 3,671.04 | 3,952.48 | 3,550.42 | 3,831.14 |
| % change compared to base due to sensitivity | -3.60% | 3.80% | -3.70% | 3.91% |
| Salary growth rate **(-/+ 0.5%)** | 3,953.55 | 3,668.83 | 3,831.91 | 3,548.50 |
| % change compared to base due to sensitivity | 3.82% | -3.65% | 3.93% | -3.75% |
| Attrition rate **(-/+ 0.5%)** | 3,808.31 | 3,807.63 | 3,690.56 | 3,683.19 |
| % change compared to base due to sensitivity | 0.01% | -0.01% | 0.10% | -0.10% |
| Life expectancy/ mortality rate **(-/+ 10%)** | 3,808.89 | 3,807.06 | 3,706.82 | 3,666.93 |
| % change compared to base due to sensitivity | 0.02% | -0.02% | 0.54% | -0.54% |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

***(vi) The major categories of plans assets***

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies. Thus the composition of each major category of plan assets has not been disclosed.

***(vii) Risk exposure***

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk:

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies.
The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the interest rate on plan assets will increase the plan liability.

Life expectancy:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

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**Note 23: Employee benefit expenses**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Salaries, Wages, Bonus etc. | 6,235.99 | 7,186.64 |
| Contribution to Provident Fund | 637.16 | 746.45 |
| Contribution to Labour Welfare Fund | 0.61 | 0.30 |
| Contribution to Gratuity Fund (Refer detail below) | 212.47 | 189.43 |
| Contribution under Employees State Insurance Scheme | 17.86 | 18.55 |
| Workmen and Staff Welfare | 327.97 | 419.44 |
| | **7,432.06** | **8,560.81** |

During the year, the Company recognised an amount of Rs. **Nil** (2019-20: Rs. Nil ) as remuneration to key managerial personnel.

***(i) Compensated absences***

Compensated absences cover the Company's liability for sick and earned leave. As the Company does not have an unconditional right to defer the payment beyond 12 months the entire amount has been treated as current.

***(ii) Defined benefit plan***

***a) Gratuity***

The Company operates a gratuity plan through the "KICM Gratuity Fund". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

***b) Provident fund***

Provident fund for certain eligible employees is managed by the Company through the "B. K. Birla Group of Companies Provident Fund Institution" and "Birla Industries Provident Fund", in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee.

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at 31 March 2021 and 31 March 2020 respectively.

The details of fund and plan asset position are given below:

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| as at 31 March 2021 | 22,167.04 | 22,667.86 | 500.82 |
| as at 31 March 2020 | 21,579.17 | 21,546.72 | (32.45) |

The plan assets have been primarily invested in government securities.
Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Discount Rate (per annum) | 8.50% | 8.75% |
| Expected Rate of Return on Plan Assets (per annum) | 8.50% | 8.75% |

The Company contributed Rs. 6,00,88,744 and Rs. 7,46,44,897 during the year ended 31 March 2021 and 31 March 2020 respectively.

***(iii) Balance sheet recognition***

***a) Gratuity***

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **01 April 2020** | 3,686.85 | 3,085.99 | 600.86 |
| Current service cost | 188.54 | - | 188.54 |
| Interest expense/(income) | 233.78 | 209.85 | 23.93 |
| **Total amount recognised in profit or loss** | **422.32** | **(209.85)** | **212.47** |
| *Remeasurement* | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | - | 372.37 | (372.37) |
| Actuarial (gain)/loss from change in financial assumptions | (55.96) | - | (55.96) |
| Actuarial (gain)/loss from unexpected experience | 252.59 | - | 252.59 |
| **Total amount recognised in other comprehensive income** | **196.63** | **372.37** | **(175.74)** |
| Employer contributions/ premium paid | - | 600.89 | (600.89) |
| Benefit payments | 497.85 | 497.85 | - |
| **31 March 2021** | **3,807.95** | **3,351.55** | **36.70** |

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(All amounts in Rupees Lakhs, unless otherwise stated)

**Note 24: Depreciation and amortisation expense**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Depreciation on tangible assets | 2,079.85 | 2,065.61 |
| Depreciation on Right-of-use assets | 87.81 | 66.26 |
| Amortisation of intangible assets | 18.98 | 14.31 |
| | **2,186.64** | **2,146.18** |

**Note 25: Finance costs**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Interest expense | 6,367.83 | 7,707.49 |
| Exchange differences regarded as an adjustment to borrowing costs | - | - |
| | 6,367.83 | 7,707.49 |
| *Less: Interest capitalised* | 112.86 | 101.52 |
| | **6,254.97** | **7,605.97** |

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowing used for capex during the year, in this case is 10.50%, (31 March 2020: 10.50%)

**Note 26: Other expenses**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Consumption of Stores and Spare Parts | 1,810.88 | 1,988.70 |
| Power and fuel [Refer note (a) below] | 4,539.19 | 5,583.67 |
| Rent | 27.63 | 49.46 |
| Repairs and Maintenance [Refer note (b) below] | | |
| Building | 38.97 | 29.35 |
| Plant and Machinery | 651.45 | 665.49 |
| Others | 101.28 | 78.95 |
| Insurance | 100.67 | 62.30 |
| Rates and Taxes | 30.34 | 25.66 |
| Brokerage | 10.07 | 6.11 |
| Packing, Carriage and Shipping | 361.52 | 465.52 |
| Director's Fees | 3.00 | - |
| Commission to Selling Agents | 152.73 | 213.72 |
| Sales Promotion | 202.86 | 324.66 |
| Management Services Fee | 347.22 | 378.70 |
| Foreign currency translation loss (net) | 11.86 | (4.80) |
| Debts/ Advances/ Deposits written off | 4.99 | 1.48 |
| Loss on sale of property, plant and equipment sold/discarded (net) | (0.01) | - |
| Provision for doubtful debts/advances | 19.57 | (39.86) |
| Payment to auditor [Refer note (c) below] | 24.53 | 22.25 |
| Guarantee Commission | 33.81 | 13.03 |
| Miscellaneous Expenses [Refer note (d) below] | 658.10 | 911.95 |
| | **9,130.65** | **10,776.35** |

| | | |
|---|---|---|
| (a) Power and Fuel includes consumption of stores and spares (coal) | 3,896.45 | 4,806.12 |
| (b) Repair and Maintenance includes: | | |
| Salaries and wages | 506.51 | 450.93 |
| (c) Details of auditors' remuneration and out-of-pocket expenses are as below: | | |
| **As Auditors :** | | |
| Audit Fees (Including other certification fees) | 21.33 | 19.35 |
| Tax Audit Fees | 2.50 | 2.25 |
| Reimbursement of Expenses | 0.70 | 0.65 |
| (d) Miscellaneous expenses include the following: | | |
| Payment to cost auditor | 3.36 | 3.08 |

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NEHA BOTHRA & COMPANY KOLKATA FRNo. 320419E CHARTERED ACCOUNTANTS

**Cygnet Industries Limited**
**Notes forming part of financial statements**

**(All amounts in Rupees Lakhs, unless otherwise stated)**

**Note 27: Income tax expense**

This note provides an analysis of the Company's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| ***(a) Income tax expense*** | | |
| *Current tax* | | |
| Current tax on profits for the year | - | - |
| **Total current tax expense** | - | - |
| *Deferred tax* | | |
| Decrease (increase) in deferred tax assets | 614.14 | (425.98) |
| (Decrease) increase in deferred tax liabilities | (614.14) | 425.98 |
| **Total deferred tax expense/(benefit)** | - | - |
| **Income tax expense** | - | - |

**(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Profit before tax | (10,077.74) | (8,912.29) |
| | - | - |
| **Tax at the rate of 29.12% (2019-20 – 34.944%)** | (2,934.64) | (3,114.31) |
| Reason for differences to be documented below | | |
| Tax losses for which no deferred tax was recognised | (156.88) | 3,269.10 |
| Tax on permanent differences | 7.65 | 1.26 |
| Exempt Income | - | - |
| Others (including difference in tax rate) | 3,083.86 | (156.04) |
| **Total income tax expense/(credit)** | - | - |

**(c) Tax losses**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Unused tax losses for which no deferred tax has been recognised: | | |
| Tax losses | | |
| Business loss | 29,504.38 | 22,066.95 |
| Capital loss: Short term | 11,795.10 | 11,795.10 |
| Unabsorbed tax depreciation | 21,136.23 | 18,415.30 |
| Potential tax benefit @ 29.12% on Business loss (FY 2019-20 @34.944%) | **14,746.54** | **14,146.12** |
| Potential tax benefit @ 17.472% on Capital loss short term (FY 2019-20 @17.472%) | **2,060.84** | **2,060.84** |

(a) Unabsorbed depreciation does not have any expiry period.
(b) Business losses have an expiry ranging from 3 to 8 years as at the reporting date.

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(All amounts in Rupees Lakhs, unless otherwise stated)

**Note 28: Earnings per shares**

| Particulars | | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| (i) **Basic** | | | |
| Number of equity shares at the beginning of the year | | 43,00,50,000 | 43,00,50,000 |
| Number of equity shares at the end of the year | | 92,65,36,876 | 43,00,50,000 |
| Weighted average number of equity shares outstanding during the year | (A) | 59,46,38,800 | 43,00,50,000 |
| Nominal value of each equity Share (Rs.) | | 10.00 | 10.00 |
| Profit / (Loss) for the year (Rs. in lakhs) | (B) | (10,077.73) | (8,912.29) |
| Earnings per share (Basic) (Rs.) | (B/A) | (1.69) | (2.07) |
| (ii) **Diluted** | | | |
| Weighted average number of equity shares outstanding during the year | | 59,46,38,800 | 43,00,50,000 |
| Earnings per share (Diluted) (Rs.) | | (1.69) | (2.07) |

**Note 29: Contingent liabilities**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **(a) Guarantees given -** | | |
| (i) to excise authorities | 5.50 | 5.50 |
| **(b) Claims against the Company not acknowledged as debts** | | |
| (i) Rates, Taxes, Duties etc. demanded by various Authorities | 1.74 | 5.38 |
| (ii) Others | 0.50 | 0.50 |
| **(c) Income Tax matters** | - | - |
| | 7.74 | 11.38 |

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

**Note 30: Capital and other commitments**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **(a) Capital Commitments** | | |
| Estimated value of contracts in capital account remaining to be executed [net of advances Rs. 15,59,368 (31 March 2020: Rs. 38,57,569) | 41.02 | 56.07 |
| | 41.02 | 56.07 |

**Note 31**: The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows: remaining unpaid as at year end

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Principal amount due to supplier registered underr the MSMED Act and remaining unpaid as at the year end | 1,021.25 | 59.07 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 20.71 | - |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest due and payable towards suppliers registered under MSMED Act, for payments already made | - | - |
| Further interest remaining due and payable for earlier years | - | - |

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**Note 32: Capital management**

**(All amounts in Rupees Lakhs, unless otherwise stated)**

**Risk management**

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the Company which comprises issued share capital and accumulated reserves disclosed in the Statement of Changes in Equity.

The Company's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Company's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due.

**Note 33 : Fair value measurements**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.
The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

**Financial instruments by category**

| Particulars | 31 March 2021 | | | Total Carrying Value | Total Fair Value |
|---|---|---|---|---|---|
| | FVPL | FVOCI | Amortised cost | | |
| ***Financial assets*** | | | | - | - |
| Cash and cash equivalents | - | - | 650.08 | 650.08 | 650.08 |
| Trade receivables | - | - | 2,996.54 | 2,996.54 | 2,996.54 |
| Loans | - | - | 13,037.85 | 13,037.85 | 13,037.85 |
| Investments | - | - | 0.70 | 0.70 | 0.70 |
| Other financial assets | - | - | 449.89 | 449.89 | 449.89 |
| **Total financial assets** | - | - | **17,135.06** | **17,135.06** | **17,135.06** |
| ***Financial liabilities*** | | | | | |
| Borrowings | - | - | 30,996.83 | 30,996.83 | 30,996.83 |
| Trade and other payables | - | - | 5,133.30 | 5,133.30 | 5,133.30 |
| Other financial liabilities | - | - | 2,943.10 | 2,943.10 | 2,943.10 |
| **Total financial liabilities** | - | - | **39,073.23** | **39,073.23** | **39,073.23** |

| Particulars | 31 March 2020 | | | Total Carrying Value | Total Fair Value |
|---|---|---|---|---|---|
| | FVPL | FVOCI | Amortised cost | | |
| ***Financial assets*** | | | | | |
| Cash and cash equivalents | - | - | 647.15 | 647.15 | 647.15 |
| Trade receivables | - | - | 2,707.20 | 2,707.20 | 2,707.20 |
| Loans | - | - | 4,264.03 | 4,264.03 | 4,264.03 |
| Investments | - | - | 0.70 | 0.70 | 0.70 |
| Other financial assets | - | - | 480.94 | 480.94 | 480.94 |
| **Total financial assets** | - | - | **8,100.02** | **8,100.02** | **8,100.02** |
| ***Financial liabilities*** | | | | | |
| Borrowings | - | - | 61,625.66 | 61,625.66 | 61,625.66 |
| Trade and other payables | - | - | 3,868.45 | 3,868.45 | 3,868.45 |
| Other financial liabilities | - | - | 6,152.02 | 6,152.02 | 6,152.02 |
| **Total financial liabilities** | - | - | **71,646.13** | **71,646.13** | **71,646.13** |

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**(All amounts in Rupees Lakhs, unless otherwise stated)**

**Note 34: Financial risk management**

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

***(A) Credit risk***

The Company takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Financial assets that potentially expose the Company to credit risks are listed below:

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Trade receivables | 2,996.54 | 2,707.20 |
| Other financial assets | 449.89 | 480.94 |
| **Total** | **3,446.43** | **3,188.14** |

Other receivables as stated above are due from the parties under normal course of the business and as such the Company believes exposure to credit risk to be minimal.

**i) Trade and other receivables**

Customer credit risk is managed by the Company through established policy and procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying upto 90 days credit terms. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation. Trade receivables are consisting of a large number of customers. Where credit risk is high, domestic trade receiavbles are backed by security deposits. Export receivables are backed by letters of credit.

In determining the allowances for credit losses of trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

The Company's exposure to customers is diversified and there is no significant credit exposure on account of any single customer as at 31 March 2021 & 31 March 2020

The company is making provisions on trade receivables based on Expected Credit Loss (ECL) model. The reconciliation of ECL is as follows:

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Opening balance | 174.43 | 188.58 |
| Charge in statement of profit and loss | (6.24) | (14.15) |
| Release to statement of profit and loss | - | - |
| Utilised during the year | - | - |
| **Balance at the end of the year** | **168.19** | **174.43** |

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**(All amounts in Rupees Lakhs, unless otherwise stated)**

**(ii) Fair value hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

**Quoted prices in an active market (Level 1):**
This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Valuation techniques with observable inputs (Level 2):**
This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Valuation techniques with significant unobservable inputs (Level 3):**
This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

| Particulars | 31 March 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets:** | | | | |
| Investments | - | - | - | - |
| | - | - | - | - |

| Particulars | 31 March 2020 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets:** | | | | |
| Investments | - | - | - | - |
| | - | - | - | - |

**(iii) Valuation technique used to determine fair value**
(a) Investments carried at fair value are generally based on market price quotations. However in cases where quoted prices are not available the management has involved valuation experts to determine the fair value of the investments. Different valuation techniques have been used by the valuers for different investments. Equity Instruments carried at fair value through other comprehensive income. These investments in equity instruments are not held for trading. Instead, they are held for long term strategic purpose. The Company has chosen to designate this investments in equity instruments at FVOCI since, it provides a more meaningful presentation.

(b) Fair value of borrowings is estimated by discounting expected future cash flows. The carrying amounts of other borrowings with floating rate of interest are considered to be close to the fair value.

(c) The carrying amounts of remaining financial assets and liabilities are considered to be the same as their fair values.

(d) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

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**(All amounts in Rupees Lakhs, unless otherwise stated)**

### (B) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds from othersources. The Company invests its surplus funds in bank fixed deposit and in equity shares, which carry no or low market risk.

### (i) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:
• all financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| Contractual maturities of financial liabilities 31 March 2021 | Less than 1 year | 1 - 3 years | 3 - 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivatives** | | | | | |
| Borrowings | 14,988.22 | 4,370.50 | 4,874.19 | 7,700.00 | 31,932.91 |
| Trade payables | 5,133.30 | - | - | - | 5,133.30 |
| Other financial liabilities | 2,908.09 | 46.26 | - | - | 2,954.35 |
| **Total financial liabilities** | 23,029.61 | 4,416.76 | 4,874.19 | 7,700.00 | 40,020.56 |

| Contractual maturities of financial liabilities 31 March 2020 | Less than 1 year | 1 - 3 years | 3 - 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **Non-derivatives** | | | | | |
| Borrowings | 58,844.58 | 10,312.50 | - | - | 69,157.08 |
| Trade payables | 3,868.45 | - | - | - | 3,868.45 |
| Other financial liabilities | 6,120.41 | 41.94 | - | - | 6,162.35 |
| **Total financial liabilities** | **68,833.44** | **10,354.44** | - | - | **79,187.88** |

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### (C) Market risk

#### (i) Foreign currency risk

The Company deals with foreign currency loan, trade payables etc and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

#### Foreign currency risk exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:-

**As at 31 March 2021** *(All amounts in Rupees Lakhs, unless otherwise stated)*

| Particulars | USD | | EUR | |
|---|---|---|---|---|
| | Amount in foreign currency | Amount in local currency | Amount in foreign currency | Amount in local currency |
| **Financial assets** | | | | |
| Trade receivables | 0.73 | 52.94 | - | - |
| Derivative Asset | - | - | - | - |
| **Financial liabilities** | | | | |
| Trade payables | - | - | - | - |
| Borrowings | - | - | - | - |
| Derivative liability | - | - | - | - |
| **Net exposure to foreign currency risk** | 0.73 | 52.94 | - | - |

**As at 31 March 2020** *(All amounts in Rupees Lakhs, unless otherwise stated)*

| Particulars | USD | | EUR | |
|---|---|---|---|---|
| | Amount in foreign currency | Amount in local currency | Amount in foreign currency | Amount in local currency |
| **Financial assets** | | | | |
| Trade receivables | 1.28 | 95.89 | - | - |
| Derivative Asset | - | - | - | - |
| **Financial liabilities** | | | | |
| Trade payables | - | - | - | - |
| Borrowings | - | - | - | - |
| Derivative liability | - | - | - | - |
| **Net exposure to foreign currency risk** | 1.28 | 95.89 | - | - |

#### *Sensitivity*

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

*(All amounts in Rupees Lakhs, unless otherwise stated)*

| | Impact on loss before tax/equity | |
|---|---|---|
| | 31 March 2021 | 31 March 2020 |
| ***USD sensitivity*** | | |
| INR/USD appreciates by 5% (31 March 2021 - 5%) | (2.65) | (4.79) |
| INR/USD depreciates by 5% (31 March 2021 - 5%) | 2.65 | 4.79 |
| ***EUR sensitivity*** | | |
| INR/EUR appreciates by 5% (31 March 2021 - 5%) | - | - |
| INR/EUR depreciates by 5% (31 March 2021 - 5%) | - | - |

* Holding all other variables constant

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**(All amounts in Rupees Lakhs, unless otherwise stated)**

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31 March 2021 and 31 March 2020, the Company's borrowings at variable rate were mainly denominated in INR.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

***(a) Interest rate risk exposure***

**On Financial Liabilities:**
The exposure of the Company's financial liabilities to interest rate risk is as follows:

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Variable rate borrowings | 31,518.91 | 64,341.32 |
| Fixed rate borrowings | - | - |
| **Total borrowings** | **31,518.91** | **64,341.32** |

**(b) Sensitivity**
Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

| | Impact on loss before tax/equity | |
|---|---|---|
| | 31 March 2021 | 31 March 2020 |
| Interest expense rates – increase by 50 basis points (50 bps)* | (157.59) | (321.71) |
| Interest expense rates – decrease by 50 basis points (50 bps)* | 157.59 | 321.71 |

* Holding all other variables constant

**(iii) Price risk**

**(a) Exposure**
The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet at fair value through OCI. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. In general, these investments are not held for trading purposes.

**(b) Sensitivity**
The table below summarizes the impact of increases/decreases of the share prices on the Company's equity.

| | Impact on equity | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| Share price - Increase 5% | - | - |
| Share price - Decrease 5% | - | - |

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**Cygnet Industries Limited**
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**(All amounts in Rupees Lakhs, unless otherwise stated)**

**Note 35: Segment reporting**

The Company's Chief operating decision makers viz. board of directors examine the Company's performance as a single segment, viz. "Rayon, Transparent paper and Chemicals business".

**a.** Geographical information
Revenue from external customers:

| Particulars | 31 March 2021<br>Total Segment Revenue | 31 March 2020<br>Total Segment Revenue |
|---|---|---|
| Rayon,Transparent paper and Chemicals business | | |
| India | 22,768.21 | 30,130.27 |
| Other countries | 971.11 | 1,434.50 |
| **Total Segment revenue** | **23,739.32** | **31,564.77** |

b. Two of the customers of the entity accounts for approximately 17% and 16% of the sales being made for the year ended 31 March 2021 (Two of the customers of the entity accounts for approximately 18% and 14% of the sales being made for the year ended 31 March 2020)

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Cygnet Industries Limited
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(All amounts in Rupees Lakhs, unless otherwise stated)

**Note 36 : Related Party Transactions**

**List of Related Parties and relationship ***

**A) Holding**
Kesoram Industries Limited

**B) Post Retirement Benefit Plan**
B.K. Birla Group of Companies Provident Fund Institution.
Birla Industries Provident Fund Institution.
KICM Gratuity Fund

**C) Others ( With whom transaction has taken place)**
MSK Travels and Tours Ltd
Arbela Trading & Services Ltd
Kashi Prasad Khandelwal

| Nature of Transaction/ Relationship | 2020-21 | 2019-20 |
|---|---|---|
| Rent Expense: | | |
| Holding | 13.56 | 17.42 |
| Management Service Fee Expense: | | |
| Holding | 347.22 | 378.70 |
| Interest Expense: | | |
| Holding | 3,266.91 | 4,743.67 |
| Other expenses through reimbursements | | |
| Holding | - | 7.96 |
| Conversion of advances in to equity shares | | |
| Holding | 49,648.69 | - |
| Interest paid (net of TDS) | | |
| Holding | - | 4,205.42 |
| Loan Taken | | |
| Holding | 19,185.17 | 38,894.15 |
| Loan Repayment | | |
| Holding | 6,377.47 | 30,539.76 |
| Sale of Transparent Paper | | |
| Holding | - | 38.94 |
| Tours & Travels Services | | |
| Others | 8.25 | 52.03 |
| Provident Fund Contribution | | |
| Post Retirement Benefit Plan | 1,294.47 | 1,411.35 |
| Gratuity Contribution to KICM | | |
| Post Retirement Benefit Plan | 600.89 | 230.69 |
| Reimbursement claimed | | |
| Post Retirement Benefit Plan | 497.85 | 146.11 |
| Loan Taken | | |
| Others | - | 709.50 |
| Loan Repayment | | |
| Others | 408.96 | 330.00 |
| Interest Paid (net of TDS) | | |
| Others | 28.48 | - |
| Loan given | | |
| Others | 110.57 | - |
| Interest income | | |
| Others | 3.33 | - |
| Director Sitting Fees | | |
| Others | 3.00 | - |
| Interest Expense | | |
| Others | 30.79 | 32.73 |

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**(B) Outstanding balances**

(All amounts in Rupees Lakhs, unless otherwise stated)

| Nature of Transaction/ Relationship | Year Ended as at 31st March,2021 | Year Ended as at 31st March,2020 |
|---|---|---|
| **Payable :** | | |
| Post Retirement Benefit Plan | 162.93 | 817.23 |
| **Payable-Loan :** | | |
| Holding | 12,950.24 | 41,774.33 |
| **Receivable from Holding** | | |
| Sales of Materials | - | 5.81 |
| **Payable-Interest (Net of TDS)** | | |
| Holding | 174.24 | 889.31 |
| **Share Capital** | | |
| Holding | 92,653.69 | 43,005.00 |
| **Payable :** | | |
| Tours & Travels services | 31.33 | 23.94 |
| **Payable-Loan :** | | |
| Others | - | 379.50 |
| **Receivable-Loan** | | |
| Others | 110.57 | - |
| **Receivable-Interest (Net of TDS)** | | |
| Others | 3.08 | - |
| **Payable-Interest :** | | |
| Others | - | 32.47 |

* as certified by the management of the company

Also refer note 13 regarding guarantee received from holding company amounting to NIL lakh (previous year Rs. 25,000 lakh ) for borrowing / finacing obligation.

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Notes forming part of financial statements

## Note no. 37: IND AS 116, Lease Impact

The estimated impact of Ind AS 116 on the Company's financial statements as at 31st March, 2021 is as follows:-

**Balance Sheet:** The Company has adopted Ind AS 116 'Leases' effective 1st April 2019 and applied the Standard to its leases. This has resulted in recognising a Right-of-use assets of Rs. 112.03 Lakhs and a corresponding lease liability of Rs 112.03 Lakhs as at 1st April 2019. This has also resulted in re-grouping of Leasehold Land of Rs 220.37 Lakhs under erstwhile lease standard to 'Right-of-use assets' as at 1st April 2019.

(All amounts in Rupees Lakhs, unless otherwise stated)

**1. Changes in the carrying value of right of use assets for the year ended 31st March 2021**

| Particulars | Category Of RoU Asset | |
|---|---|---|
| | Land | Building |
| | Amount | Amount |
| Balance as at 01-04-2020 | 215.52 | 107.53 |
| Additions during the year | - | 51.17 |
| Deletion during the year | - | - |
| Depreciation | 4.85 | 82.43 |
| Balance as at 31-03-2021 | **210.67** | **76.27** |

**2. The following is the break-up of current and non-current lease liabilities as at March 31, 2021.**

| Particulars | Amount |
|---|---|
| Current Lease Liability | 58.20 |
| Non Current Lease Liability | 41.42 |

**3. The following is the movement in lease liabilities during the year ended March 31, 2021:**

| Particulars | Amount |
|---|---|
| Balance as at 01-04-2020 | 112.68 |
| Additions during the year | 70.11 |
| Finance cost accrued during the period | 10.70 |
| Deletions | - |
| Payment of lease liabilities | 93.89 |
| Balance as at 31-03-2021 | 99.61 |

**4. Expense pertaining to leases which has been identified as Short Term .** 27.63

**5. Expense pertaining to leases which has been identified as Low Value .** NIL

**6. Contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis .**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

| Particulars | Amount |
|---|---|
| Less than one year | 64.60 |
| One to five years | 46.26 |
| More than five years | - |

**7. Total amount of Variable Lease Payment.** 93.89

**8. Nature of lessee's leasing activities .** Warehouse/Office Lease

**9. Any future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities.** NO

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**NOTE 38 - Effect of COVID-19**

As per the directives of both the Central and State Governments in the wake of COVID-19 pandemic, the operations of the Company were impacted, due to shutdown of all plants and offices following nationwide lockdown by the Government of India. The Company has resumed operations in a phased manner as per directives from the Government of India. The Management has considered the possible effects, if any, that may result from the pandemic on the carrying amounts of current assets after considering internal and external sources of information including the possible future uncertainties in the global economic conditions as at the date of approval of these financial results. Given the uncertainties associated with pandemic's nature and duration, the actuals may differ from the estimates considered in these financial results. The Company continues to closely monitor the rapidly changing situation.

**NOTE 39**

The Company had losses during the previous year and has continued to incur losses during the current year, primarily due to lower volumes which have resulted in contraction in net worth during the previous years and as at 31st March, 2021. The net current liabilities as at 31st March, 2021 were Rs 17.40 crores. Further, the Company did not comply with certain financial debt covenantsduring the year &delayed therepayment, however, the same wassubsequently repaid in full and complied with as on 31st March, 2021. The delay was primarily caused due to liquidity mismatch. The Company stands to be regular in meeting its obligation as on 31st March, 2021.

The Board of Directors has evaluated these conditions and has advised management to take measures to improve the liquidity condition of the Company. The Company is taking necessary steps and is hopeful of getting Working Capital Facilities from the lenders, which will enable the Company to scale up its operations and meet the remaining financial obligations. The Company's ability to continue as a going concern is dependent on successful outcome of the above mentioned management plan. In addition, the Promoter Group has consistently demonstrated its financial commitment in the Company and would continue with that support in future as and when necessary. Accordingly, these financial information have been prepared on the basis that the Company will continue as a going concern. Sales have come down significantly due to the lockdown during COVID hence we expect that it will be resorted to the normal level.

**Note 40** : Previous years figure has been re-grouped/re-arranged where ever necessary to make it comparable with current years figure.

**For Neha Bothra & Co.**
Firm Registration Number: 326938E
Chartered Accountants

N Bothra

**Neha Bothra**
Partner
Membership No.: 067036

Place: Kolkata
Date : 13.05.2021

CYGNET INDUSTRIES LTD. KOLKATA

**For and on behalf of Board of Directors of Cygnet Industries Limited**

**Biswajit Sen**
*Chief Executive Officer*

Deepak Kumar Sharma

**Deepak Kumar Sharma**
*Director*
*DIN: 02555564*

Sneha Kajaria

**Sneha Kajaria**
*Director*
*DIN: 08301236*

Ankita Agarwal

**Ankita Agarwal**
*Company Secretary*

Harsh Bajaj

**Harsh Bajaj**
*Chief Financial Officer*

S. Nath

**Sharmila Nath**
*Director*
*DIN: 07041921*

**Kashi Prasad Khandelwal**
*Director*
*DIN: 07485523*

**Cygnet Industries Limited**

**Notes forming part of financial statements**

## 1. Company Information

Cygnet Industries Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company was incorporated on 15th June, 2015. The Company is primarily engaged in the business of manufacturing Rayon, Transparent paper and Chemicals at Kuntighat, District Hooghly, West Bengal with registered office at Kolkata, West Bengal.

The financial statements as at 31 March 2021 present the financial position of the Company.

The financial statements for the year ended 31 March 2021 were approved by the Board of Directors and authorized for issue on 13th May 2021.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

*(i) Compliance with Ind AS*

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

*(ii) Historical cost convention*

The financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### 2.2 Property, plant and equipment

a) Property, plant and equipment are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase cost, borrowing costs if capitalization criteria are met and other directly attributable cost of bringing the assets to its working condition for intended use. The cost also comprises of exchange differences arising on translation / settlement of long term foreign currency monetary items pertaining to acquisition of such depreciable asset. Any trade discounts and rebates are deducted in arriving at the purchase price.

b) Subsequent expenditure related to an item of property, plant & equipment is added to its carrying amount only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.

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c) Capital work in progress is stated at cost (including borrowing cost, where applicable and adjustment for exchange difference referred on Note 2.13 below) incurred during construction/installation period relating to items or projects in progress.

d) Losses arising from the retirement of and gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognized in the Statement of profit and loss.

e) *Depreciation methods, estimated useful lives and residual value*

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

| Class of assets | Estimated useful life (in years) |
|---|---|
| Buildings | 3 to 60 Years |
| Plant and Equipment | 5 to 40 Years |
| Furniture and Fixtures | 3 to 10 Years |
| Office Equipment | 3 to 10 Years |
| Vehicles | 8 Years |

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

### 2.3 Intangible assets

Intangible property, plant and equipment are capitalized where it is expected to provide future enduring economic benefits and amortized on a straight line basis. Capitalization costs include license fees and the cost of implementation/ system integration services. The Costs are capitalized in the year in which the relevant intangible asset is implemented for use.

| Class of assets | Estimated useful life (in years) |
|---|---|
| Software | 3 Years |

### 2.4 Impairment

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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## 2.5 Lease

Effective April 1, 2019, the Company has adopted Ind AS 116 – Leases using the modified retrospective method. Under modified retrospective approach, the Company has recorded lease liability at the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17. The weighted average incremental borrowing rate for leases initially recognised upon the first-time application of Ind AS 116 was 11.89%. The Company applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term. When the lease liability is remeasured due to change in contract terms, a corresponding change is made to the carrying amount of right-of-use asset, or is recorded in the profit and loss account if the carrying amount of right-of-use asset is reduced to zero.

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Such assets acquired are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor:
In respect of assets given on operating lease, the lease rental income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. There is no change in accounting as a lessor due to adoption of Ind AS 116 Leases.

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## 2.6 Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined on weighted average / first-in, first-out (FIFO) basis, as considered appropriate by the Company. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Provision is made for obsolete/slow moving/defective stocks, wherever necessary.

## 2.7 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognized in the statement of profit and loss

### Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

### (a) Financial assets

### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### Other bank balances

Other bank balances include deposits with maturity less than twelve months but greater than three months and balances and deposits with banks that are restricted for withdrawal and usage.

### Financial assets at amortized cost

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

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**Financial assets measured at fair value**

Financial assets are measured at 'Fair value through other comprehensive income' (FVOCI) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these 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.

The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortized cost or at fair value through other comprehensive income is carried at 'Fair value through the statement of profit and loss' (FVPL).

**Impairment of financial assets**

The Company assesses on a forward looking basis the 'Expected credit losses' (ECL) associated with its assets carried at amortized cost and FVOCI debt instruments. The Company recognizes loss allowance for expected credit losses on financial asset.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 *Financial Instruments,* which requires expected lifetime losses to be recognized from initial recognition of the receivables.

**De-recognition of financial assets**

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.
If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) **Financial liabilities and equity instruments**

**Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

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**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Financial Liabilities**

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in the statement of profit and loss.

**De-recognition of financial liabilities**

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**Derivative financial instruments**

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**2.8 Employee Benefits**

**Defined contribution plans**

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

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**Defined benefit plans**

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/(asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/(asset) is treated as a net expense within employment costs.

Past service cost is recognized as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognized, whichever is earlier.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets.

**Compensated absences**

Accumulated compensated absences which are expected to be availed or encashed within twelve months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlements as at the year end.

Accumulated compensated absences which are expected to be availed or encashed beyond twelve months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial loss/gains are recognized in the Statement of Profit and Loss in the year in which they arise.

Short-term Employee Benefits (i.e. benefits payable within one year) are recognized in the period in which employee services are rendered.

**Ind AS 19 - Plan Amendment, Curtailment or Settlement:**

The amendment require an entity to use updated assumptions to determine current service costs and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and to recognize in the Statement of Profit and Loss as part of past service cost, or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The adoption of the standard did not have any material impact to the financial statements.

**2.9 Government Grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

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Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

### 2.10 Provision and Contingent Liabilities

**Provisions:** Provisions are recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### 2.11 Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally

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enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

**Ind AS 12 – Income taxes – Appendix C, Uncertainty over Income Tax Treatment**

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over the income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of tax treatment when determining taxable profit / loss, tax bases, unused tax losses, unused tax credits and the tax rates. The standard permits two possible methods of transition – (i) Full Retrospective Approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and (ii) Retrospective with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date of for adoption of Ind AS 12 Appendix C is annual period beginning on or after April 01, 2019. The company will adopt the standard on April 01, 2019 and has decided to adjusted the cumulative effect of in equity on the date of initial application i.e. April 01, 2019 if any without adjusting comparatives. The adoption of this standard did not have any material impact to the financial statements.

**Amendment to Ind AS 12:**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The adoption of the standard did not have any material impact to the financial statements. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to the taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as a part of dividend in accordance with Ind AS 12.

**2.11 Revenue Recognition**

Revenue shall be recognized 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 and services.

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*Sales of goods*

Sales are recognized when control of the products has been transferred to the buyer, the buyer has full discretion over the channel and price to sell and there is no unfulfilled obligation that could affect the buyer's acceptance of the products per the terms of the contract and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. It includes excise duty and excludes value added tax/sales tax/Goods and Service tax.

Revenue is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due, which are otherwise recorded as contract assets.

*Interest Income*

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable

*Dividend Income*

Dividend income from investments is recognized when the shareholder's rights to receive payment have been established.

*Rental Income*

Rental income from investment properties and subletting of properties is recognized on a time proportion basis over the term of the relevant leases.

**2.12 Borrowing Costs**

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Premium in the form of fees paid on refinancing of loans are accounted for as an expense over the life of the loan using effective interest rate method. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

**2.14 Foreign currency transactions and translations**

*Functional and presentation currency*

The financial statements of the Company are presented in Indian rupees (INR), which is the functional currency of the Company and the presentation currency for the financial statements

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*Transactions and balances*

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates. Gains/losses arising out of fluctuations in the exchange rates are recognised in the statement of profit and loss in the period in which they arise.

### 2.15 Research and Development Expenditure

Revenue Expenditure on Research and Development is charged to the Statement of Profit and Loss in the year in which it is incurred and Capital Expenditure relating to Research and Development are included in property, plant and equipment.

### 2.16 Earnings per share

*(i) Basic earnings per shore*

Basic earnings per share is calculated by dividing:
• the profit attributable to owners of the Company
• by the weighted average number of equity shares outstanding during the financial year

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
• the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
• the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

### 2.17 Segment reporting

The Company is mainly engaged in the business of manufacturing Rayon, Transparent Paper and Chemicals. The Company operates in local and export segments geographically.

The Company's organizational structure and governance processes are designed to support effective management of Rayon, Transparent Paper and Chemicals business. The business results have been reported in a manner consistent with the internal reporting provided to the Board of Directors, which is the Chief Operating Decision Maker (Refer note 35).

### 2.18 Use of estimates and critical accounting judgements

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets and investments, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies, measurement of lease liability and Right to Use Asset.

### 2.19 Rounding off

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

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