

THE KOHINOOR SAW MILLS COMPANY LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2021

(In Rs.)

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	2	18,066	18,066
(b) Financial Assets			
(i) Loans	3	77,030	77,030
(c) Deferred tax assets (net)		-	-
(2) Current assets			
(a) Inventories	4	1,525	25,980
(b) Financial Assets			
(i) Trade receivables		17,572	5,242
(ii) Cash and cash equivalents	5	77,897	1,22,744
(c) Current Tax Assets (Net)		-	-
(d) Other current assets		-	4,110
Total Assets		1,92,090	2,53,172
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share capital	6	5,00,000	5,00,000
(b) Other Equity	7	(13,05,267)	(13,19,520)
LIABILITIES			
(1) Non-current liabilities			
		-	-
(2) Current liabilities			
a) (ii) Trade payables	8	-	48,988
(iii) Other financial liabilities	9	9,50,000	9,50,000
(b) Other current liabilities	10	42,683	68,500
(c) Provisions		-	-
(d) Current Tax Liabilities (Net)		4,674	5,204
Total Equity and Liabilities		1,92,090	2,53,172

Significant Accounting Policies

1

As per our separate report of even date attached

The accompanying notes form an integral part of the financial statements (1 to 22)

For **Prabhu Hegde & Associates**

For and on behalf of the Board of Directors

Chartered Accountants

Firm Registration Number: 012225 S

Manjunath

Prabhu

Sreekanth

Manjunath Prabhu S

Partner

Membership Number: 221515

UDIN: 21221515AAAADE6494

Place: Kannur

Date:

P K Mayan Mohamed

Director

(DIN: 00026897)

Pushya Sitaraman

Director

(DIN: 06537196)

THE KOHINOOR SAW MILLS COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS THE PERIOD ENDED 31ST MARCH 2021

(In Rs.)

	Particulars	Note No.	For the Period ended 31st March 2021	For the Period ended 31st March 2020
I	Revenue from operations	11	33,720	1,40,908
II	Other income	12	1,73,042	1,72,790
III	Total Revenue (I + II)		2,06,762	3,13,698
IV	Expenses:			
	Cost of materials consumed	13	24,455	97,804
	Depreciation and amortization expense	2	-	-
	Other expenses	14	1,63,380	1,95,215
	Total Expenses (IV)		1,87,835	2,93,019
V	Profit / (Loss) before Exceptional Items and tax (III-IV)		18,927	20,679
VI	Exceptional Items		-	-
VII	Profit before tax (III - IV+VI)		18,927	20,679
VIII	Tax expense:			
	(1) Current tax		4,674	5,204
	(2) Prior tax adjustment		-	-
	(3) Deferred tax		-	-
IX	Profit (Loss) for the period (VII - VIII)		14,253	15,475
X	Other comprehensive income			
	A (i) Items that will not be reclassified to profit or loss		-	-
	B (i) Items that will be reclassified to profit or loss		-	-
XI	Total Comprehensive Income for the period (IX+X)(Comprising Profit (Loss) and Other Comprehensive Income for the period)		14,253	15,475
XII	Earnings per equity share:	15		
	(1) Basic		2.85	3.10
	(2) Diluted		2.85	3.10
<i>See accompanying notes to the financial statements.</i>				

As per our separate report of even date attached

The accompanying notes form an integral part of the financial statements (1 to 22)

For **Prabhu Hegde & Associates**

For and on behalf of the Board of Directors

Chartered Accountants

Firm Registration Number: 012225 S

Manjunath

Prabhu

Sreekanth

Manjunath Prabhu S

Partner

Membership Number: 221515

UDIN: 21221515AAAADE6494

Place: Kannur

Date:

Prabhu Hegde & Associates
Chartered Accountants
Firm Registration Number: 012225 S
Manjunath Prabhu Sreekanth
Manjunath Prabhu S
Partner
Membership Number: 221515
UDIN: 21221515AAAADE6494
Place: Kannur
Date:

P K Mayan Mohamed

Director

(DIN: 00026897)

Pushya Sitaraman

Director

(DIN: 06537196)

THE KOHINOOR SAW MILLS COMPANY LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31ST, 2021

(in Rs)

Particulars	For the year Ended 31st March 2021		For the year Ended 31st March 2020	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) for the year after tax		14,253		15,475
Add/(Less): Adjustments for Non-cash items:				
Depreciation	-		-	
Provision for Taxation	4,674		5,204	
Interest Income	(5,042)	-	(4,790)	414
		(368)		
Operating Profit before Working Capital Changes		13,885		15,889
Adjustment for changes in:				
(Increase)/ Decrease Inventories	24,455		97,804	
(Increase)/ Decrease Trade Receivables & Other Current Assets	(8,220)		(10,012)	
Increase/ (Decrease) Trade Payables and Other Current Liabilities	(74,805)	(58,570)	(28,918)	58,874
Cash generated from Operations		(44,685)		74,763
Less: Income Tax Paid		5,204		3,545
Net Cash from Operating Activities Total (A)		(49,889)		71,218
B. CASH FLOW FROM INVESTING ACTIVITIES				
Interest received	5,042		4,790	
Sale of Fixed Assets	-		-	
Total (B)		5,042		4,790
C. CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid	-		-	
Total (C)		-		-
Total Cash Flow for the year (A + B + C)		(44,847)		76,008
Add: Opening Cash and Cash Equivalents		1,22,744		46,736
Closing Cash and Cash Equivalents		77,897		1,22,744

As per our separate report of even date attached

The accompanying notes form an integral part of the financial statements (1 to 22)

For **Prabhu Hegde & Associates**

Chartered Accountants

Firm Registration Number: 012225 S

Manjunath

Prabhu

Sreekanth

Manjunath Prabhu S

Partner

Membership Number: 221515

UDIN: 21221515AAAAD6494

Place: Kannur

Date:

Digitally signed by Manjunath Prabhu Sreekanth
 DN: cn=Prabhu Sreekanth, o=Prabhu Hegde & Associates, ou=Prabhu Sreekanth, email=prabhu.sreekanth@prabhuhgde.com, c=IN

For and on behalf of the Board of Directors

P K Mayan Mohamed

Director

(DIN: 00026897)

Pushya Sitaraman

Director

(DIN: 06537196)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

Equity Share Capital

	Balance as at 31st March, 2019	Changes in Equity share capital during the year	Balance as at 31st March, 2020	Changes in Equity share capital during the year	Balance as at 31st March, 2021
Paid Up Capital	5,00,000	-	5,00,000	-	5,00,000

Other Equity

(in Rs)

Particulars	Reserves & Surplus		Total
	Retained Earnings	Other Comprehensive income	Total
Balance at the beginning of April 1, 2019	(13,34,995)	-	(13,34,995)
Profit for the year	15,475	-	15,475
Other comprehensive income	-	-	-
Total comprehensive income for the year	15,475	-	15,475
Balance at the end of March 31, 2020	(13,19,520)	-	(13,19,520)
Profit for the year	14,253	-	14,253
Other comprehensive income	-	-	-
Total comprehensive income for the year	14,253	-	14,253
-	-	-	-
Balance at the end of 31st March 2021	(13,05,267)	-	(13,05,267)

Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to General Reserve, dividends or other distributions paid to shareholders.

As per our separate report of even date attached

The accompanying notes form an integral part of the financial statements (1 to 22)

For **Prabhu Hegde & Associates**

For and on behalf of the Board of Directors

Chartered Accountants

Firm Registration Number: 012225 S

Manjunath

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Partner

Membership Number: 221515

UDIN: 21221515AAAADE6494

Place: Kannur

Date:



P K Mayan Mohamed

Director

(DIN: 00026897)

Pushya Sitaraman

Director

(DIN: 06537196)

THE KOHINOOR SAW MILLS COMPANY LIMITED

NOTE 2 - PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Leasehold land	Buildings	Plant & Equipments	Furniture & Fittings	Vehicles	Office Equipments	Computer	Total
Gross Carrying Amount [Cost or Deemed Cost]									
As at 1st April 2019	10,828	-	6,572	645	3	18	-	-	18,066
Additions/adjustment	-	-	-	-	-	-	-	-	-
Disposals/adjustments	-	-	-	-	-	-	-	-	-
As at 31st March 2020	10,828	-	6,572	645	3	18	-	-	18,066
Additions	-	-	-	-	-	-	-	-	-
Disposals/adjustments	-	-	-	-	-	-	-	-	-
As at 31st March 2021	10,828	-	6,572	645	3	18	-	-	18,066
As at 1st April 2019	-	-	-	-	-	-	-	-	-
Depriciation during the year	-	-	-	-	-	-	-	-	-
Disposals/adjustments	-	-	-	-	-	-	-	-	-
As at 31st March 2020	-	-	-	-	-	-	-	-	-
Depriciation during the Period	-	-	-	-	-	-	-	-	-
Disposals/adjustments	-	-	-	-	-	-	-	-	-
As at 31st March 2021	-	-	-	-	-	-	-	-	-
Net Carrying Amount									
As at 1st April 2019	10,828	-	6,572	645	3	18	-	-	18,066
As at 31st March 2019	10,828	-	6,572	645	3	18	-	-	18,066
As at 31st March 2021	10,828	-	6,572	645	3	18	-	-	18,066

Notes attached to and forming part of Financial Statements

3. Loans - Non-Current Assets

Paticulars	For the Period ended 31st March 2021	For the Period ended 31st March 2020
a) Security Deposit		
Unsecured, Considered Good	77,030	77,030
Unsecured, Considered Doubtful	-	-
Less: Allowance for Credit Loss	-	-
	77,030	77,030
b) Loans to related parties	-	-
c) Others Loans(Specify Nature)	-	-
	-	-
TOTAL	77,030	77,030

4. Inventories

Paticulars	For the Period ended 31st March 2021	For the Period ended 31st March 2020
a) Raw Materials	1,525	25,980
b) Work in Progress	-	-
c) Finished Goods	-	-
d) Stores and Spares	-	-
TOTAL	1,525	25,980
Included above, goods in transit		
(i) Raw Materials	-	-
(ii) Finished Goods	-	-
TOTAL	-	-

Method of valuation of inventories - See Note 1(i) of Significant Accounting Policies.

5. Cash and Cash Equivalents

Paticulars	For the Period ended 31st March 2021	For the Period ended 31st March 2020
a) Balance with Banks		
(i)Current Accounts	77,865	1,22,712
	77,865	1,22,712
b) Cash on hand	32	32
TOTAL	77,897	1,22,744

Break up of financial assets

Paticulars	For the Period ended 31st March 2021	For the Period ended 31st March 2020
Financial assets carried at amortized cost		
Loans(refer note 3)	77,030	77,030
Cash and cash equivalents	77,897	1,22,744
Total	1,54,927	1,22,744

THE KOHINOOR SAW MILLS COMPANY LIMITED
Notes attached to and forming part of Financial Statements

6. Share Capital

Particulars	As at 31.03.2021	As at 31.03.2020
Authorised:		
5,000(5,000) Equity Shares of Rs.100/- each	5,00,000	5,00,000
TOTAL	5,00,000	5,00,000
Issued:		
5,000(5,000) Equity Shares of Rs.100/- each	5,00,000	5,00,000
TOTAL	5,00,000	5,00,000
Subscribed & Paid Up		
5,000(5,000) Equity Shares of Rs.100/- each	5,00,000	5,00,000
TOTAL	5,00,000	5,00,000

Reconciliation of Shares at the beginning and at the end of the financial year.

Particulars	31st March 2021		31st March 2020	
	No. of shares	Amount (Rupees)	No. of shares	Amount (Rupees)
a)Equity Shares				
At the beginning of the year	5,000	5,00,000	5,000	5,00,000
Add: Shares Issued during the year	-	-	-	-
At the end of the year	5,000	5,00,000	5,000	5,00,000

Terms/ Rights Attached to Equity Shares

The Company has only one class of shares referred to as equity shares with a face value of Rs.100/- each. Each holder of an equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees.

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

Details of Shareholders holding more than 5% shares in the Company

a) Equity Shares				
Particulars	31st March 2021		31st March 2020	
	% of Holding	No. of Shares	% of Holding	No. of Shares
The Western India Plywoods Limited (Holding Company)	90.82%	4,541	90.82%	4,541

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st March 2021

Equity Share Capital

	Balance as at 31st March, 2020	Changes in Equity share capital during the year	Balance as at 31st March, 2021	Changes in Equity share capital during the year
Paid Up Capital	5,00,000	-	5,00,000	-

7. Other Equity

Particulars	Reserves & Surplus	
	Retained Earnings	Other Comprehen- sive income
Balance at the begining of April 1, 2019	(13,34,995)	-
Profit for the year	15,475	-
Balance at the end of March 31, 2020	(13,19,520)	-
Profit for the year	14,253	-
Balance at the end of March 31, 2021	(13,05,267)	-

Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to General Reserve, dividends or other distributions

8. Trade payables

Paticulars	As at 31.03.2021	As at 31.03.2020
Trade payables	-	48,988
TOTAL	-	48,988

9. Other Financial Liabilities

Paticulars	As at 31.03.2021	As at 31.03.2020
Lease rent deposit	9,50,000	9,50,000
TOTAL	9,50,000	9,50,000

10. Other Current Liabilities

Paticulars	As at 31.03.2021	As at 31.03.2020
Other Payables	42,683	68,500
TOTAL	42,683	68,500

11. Revenue from Operations

Particulars	For the Year Ended 31 March 2021	For the Year Ended 31st March 2020
Sale of Products	33,720	1,40,908
Revenue from Operations (Gross)	33,720	1,40,908
Less: Excise Duty	-	-
Revenue from Operations	33,720	1,40,908

12. Other Income

Particulars	For the Year Ended 31 March 2021	For the Year Ended 31st March 2020
Lease rent	1,68,000	1,68,000
Interest income	5,042	4,790
Total	1,73,042	1,72,790

13. Cost of Materials Consumed

Particulars	For the Year Ended 31 March 2021	For the Year Ended 31st March 2020
Inventory at the beginning of the year	25,980	1,23,784
Add: Purchases	-	-
Less: Inventory at the end of the year	1,525	25,980
	24,455	97,804

14. Other Expenses

Particulars	For the Year Ended 31 March 2021	For the Year Ended 31st March 2020
Rates and taxes	10,330	41,555
Job work charges	11,000	-
Payment to auditors (See note no 14.1)	16,500	21,500
Repairs and Maintenance	28,111	45,000
Travelling expense	30,000	31,500
Professional charges	39,260	45,760
Other expense	28,179	9,900
Total	1,63,380	1,95,215

14.1 Payment to Auditors

Particulars	For the Year Ended 31 March 2021	For the Year Ended 31st March 2020
Statutory audit fee	16,500	16,500
Other	-	5,000
	16,500	21,500

15. Earnings per equity share

Particulars	For the Year Ended 31 March 2021	For the Year Ended 31st March 2020
Earnings per equity share		
Net profit available to equity shareholders	14,253	15,475
Weighted Average Number of Equity Shares of Rs. 100/- each (fully paid-up)	5,000	5,000
Earnings per share - Basic & Diluted (Rs)	2.85	3.10

THE KOHINOOR SAW MILL COMPANY LTD
Notes to financial statements for the year ended March 31, 2021
(All amounts in Indian Rupees, unless otherwise stated)

16 Related party disclosures as required under Ind AS 24 - Related Party Disclosures

- (i) **Names of related parties and related party relationship**
 (a) **Related parties where control exist**

Name of the entity	Name of relationship
The Western India Plywoods Limited	Holding Company

- (ii) **Details of the transactions with the related parties during the year ended March 31, 2021**

Particulars	March 31, 2021	March 31, 2020
The Western India Plywoods Limited		
Sale of briquettes	-	60,238
Lease rent	1,68,000	1,68,000
	1,68,000	2,28,238

- (iii) **Details of balances receivable from and payable to related parties are as follows:**

Particulars	March 31, 2021	March 31, 2020
Payable		
Trade payable	-	48,988
Lease rent Deposit	9,50,000	9,50,000
	9,50,000	9,98,988

17 Impact of Covid

There has been disruption in the company's operations due to the measures taken to curb the impact of the Covid-19 pandemic. The management has made a comprehensive assessment of the possible impact of COVID-19 on its business operation, financial assets, contractual obligations and its overall liquidity position based on the internal and external sources of information and application of reasonable estimates and expects no significant impact on the continuity of the operations of the business on long term basis. The management noted that there is no impact on the carrying value of property, plant and equipment, recoverability of receivables, realisability of inventory and impairment assessment of financial and non-financial assets. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

18 Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's financial assets and financial liabilities. All financial assets and financial liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
 Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
 Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
 Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable
 For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021:

Company's assets and liabilities which are measured at amortised cost for which fair value are disclosed at March 31, 2020

	Carrying amount as at	Fair value		
	March 31, 2020	Level I	Level II	Level III
Financial assets at amortized cost:				
Loans (Non-current) (Note 3)	77,030	-	-	77,030
Total	77,030	-	-	77,030

Company's assets and liabilities which are measured at amortised cost for which fair value are disclosed at March 31, 2021

	Carrying amount as at	Fair value		
	March 31, 2021	Level I	Level II	Level III
Financial assets at amortized cost:				
Loans (Non-current) (Note 3)	77,030	-	-	77,030
Total	77,030	-	-	77,030

Notes :-

The carrying value of trade receivables, trade payables, short term deposits and cash and cash equivalents are considered to be the same as their fair value, due to their short term in nature.

The fair value of security deposits were calculated based on cash flow discounted using a current lending rate, they are classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

19 Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

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

ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a

iii. Liquidity risk

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 1 year	1 to 3 years	More than 3 years	Total
March 31, 2021				
Other financial liabilities	9,50,000	-	-	9,50,000
Trade and other payables	-	-	-	-
	9,50,000	-	-	9,50,000
March 31, 2020				
Other financial liabilities	9,50,000	-	-	9,50,000
Trade and other payables	48,988	-	-	48,988
	9,98,988	-	-	9,98,988

20 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity

	Notes	As at March 31, 2021	As at March 31, 2020
Non-current borrowings			
Current borrowings		-	-
Less: Cash and cash equivalents	5	77,897	1,22,744
Net debt		(77,897)	(1,22,744)
Equity share capital	6	5,00,000	5,00,000
Other equity	7	(13,05,267)	(13,19,520)
Total capital		(8,05,267)	(8,19,520)
Gearing ratio		10%	9%

21 Segment Information

The Company is engaged in the business of manufacture and sale of wood-based products, which form broadly part of one product group which represents one operating segment, as the Chief Operating Decision Maker (CODM), reviews business performance at an overall company level and hence disclosure requirements under Ind AS 108 on Operating Segment is not applicable.

22 Figures have been rounded off to the nearest Rupee. Previous year figures have been regrouped/reclassified wherever necessary to correspond with current year classification/disclosure.

For **Prabhu Hegde & Associates**

Chartered Accountants

Firm Registration Number: 012225 S

Manjunath

Prabhu

Sreekanth

Manjunath Prabhu S

Partner

Membership Number: 221515

UDIN: 21221515AAAAD6494

Place:

Date:

For and on behalf of the Board of Directors of
THE KOHINOOR SAW MILL COMPANY LIMITED

P K Mayan Mohamed

Director

(DIN: 00026897)

Pushya Sitaraman

Director

(DIN: 06537196)

Note 1

Significant Accounting Policies (IND AS)

1. Going concern

The Kohinoor Saw Mills Co Ltd is a limited company incorporated in Kerala and is a subsidiary of The Western India Plywoods Ltd. The Company has its registered office at Mill road Balipatam, Kannur, Kerala-670010. The Company is a manufacturer of briquettes and has a lease and license agreement with the Holding Company to lease out all assets.

2. Basis of preparation of Financial Statements

These financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, and the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

3. Use of estimates

In the preparation of financial statements, the management makes estimates and assumptions in conformity with the Generally Accepted Accounting Principles in India. Such estimates and assumptions are made on reasonable and prudent basis taking into account all available information. However actual results could differ from these estimates and assumptions and such differences are recognized in the period in which results are ascertained. The estimates and underlying assumptions are reviewed on an ongoing basis.

4. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is classified as current when:

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

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule II to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.

5. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the statement of profit and loss.

Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Gains or losses arising from derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

In case of the company, Depreciation on property, plant and equipments is provided on written-down-value a based on the useful lives prescribed in Schedule II of the Companies Act, 2013 based on a review of the management at the year end.

6. Impairment of non-financial assets

At each reporting date, the company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

7. Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

8. Revenue Recognition

Sales are recognised on transfer of title of goods (significant risk and reward of ownership) to the respective parties.

Interest Income

Interest income is recorded using the effective interest rate (EIR).

Rental Income

Rental income on letting out of building space are recognised on accrual basis.

9. Income Taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and

Minimum Alternate Tax ('MAT') paid in accordance with the Indian tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal tax in the future. Accordingly, it is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it flow to the entity and the asset can be measured reliably. The entity reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the entity will be able to utilise that credit.

10. Provisions and contingencies

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at 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.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

11. Earnings per Share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

12. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cash at bank, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

13. Inventories

Inventories are carried at the lower of cost and net realizable value. However material and other items held for use in production of inventories are not written down below cost, if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis.

In determining the cost of inventories, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition. Cost of manufactured inventories comprises of the direct cost of production and appropriate overheads. The net realisable value of bought out inventories is taken at the current replacement value.

14. Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Recoverability of advances/receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Useful lives of depreciable/amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

15. Financial instruments

Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Subsequent measurement

i. Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

ii. Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

In limited circumstances cost is considered an appropriate estimate of fair value if insufficient more recent information is available to measure fair value or if there is wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

Subsequent measurement

These liabilities includes borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

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

Offsetting of financial instruments

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

16. Fair value measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable