CA Manjunath Prabhu S. B.Com, FCA, DISA, ACS
CA Shreelakshmi S Hegde. M.Com, FCA

To

The Members of Kohinoor Saw Mills Company Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **Kohinoor Saw Mills Company Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss and Statement of Cash Flows for the year ended on that date, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2020, its Profit and Cash Flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Standalone Financial Statements and Auditor's Report thereon (Other Information)

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Corporate Overview, Board's Report, Management Discussion and Analysis Report and Report on Corporate Governance in the Annual Report of the Company for the financial year 2019-20, but does not include the financial statements and our auditor's report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other Information and, in doing so,

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consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the 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, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

PRABHU HEGDE & ASSOCIATES
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KOCHI
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As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 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 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 financial statements including the disclosures, and whether the 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.

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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 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 the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

(c) The Balance Sheet, the Statement of Profit and Loss including other Comprehensive Income, the Statement of Cash Flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account.

PRABHU HEGDE & ASSOCIATES CHARTERED ACCOUNTANTS KOCHI 682 035

(d) In our opinion, the aforesaid standalone financial statements comply with the IND AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial statement reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company did not have any 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Prabhu Hegde & Associates**
Chartered Accountants
Firm Registration Number: 012225 S

Manjunath

Manjunath Prabhu S
Partner
Membership Number: 221515
UDIN: 20221515AAAADI7292

PRABHU HEGDE & ASSOCIATES CHARTERED ACCOUNTANTS KOCHI 682 035

Place: Ernakulam
Date: 28/06/2020

"ANNEXURE A" REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE INDIAN ACCOUNTING STANDARD [IND AS] FINANCIAL STATEMENTS OF THE KOHINOOR SAW MILLS COMPANY LIMITED FOR THE YEAR ENDED 31ST MARCH 2020

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

II. (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

III. The company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly the reporting requirements under clause (a) to (c) of paragraph 3(iii) of the order is not applicable.

IV. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to loans, investments and guarantee given.

V. The Company has not accepted any deposits from the public during the year and hence, the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the act and the rules framed there under are not applicable.

VI. According to the information and explanations given to us the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act for the Company at this stage.

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VII. (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company has been generally regular in depositing undisputed statutory dues including provident fund, income-tax, good and service tax, duty of customs, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

There are no arrears of undisputed statutory dues outstanding at the last day of the financial period of more than six months from the date on which they become payable.

(b) According to the information and explanations given to us, and the records of the company examined by us, there are no disputed amounts due to be deposited under goods and service tax, duty of customs, duty of excise, value added tax and income tax.

VIII. In our opinion and according to the information and explanations given to us and the records of the company examined by us, the company has not taken any loans or borrowings from financial institutions, banks and government or raised any money by way of issue of debentures.

IX. According to the information and explanations given to us and the records of the company examined by us, no moneys were raised by way of initial public offer or further public offer (including debt instruments) and no term loans were availed by the company during the year.

X. During the course of our examination of the books and records of the company carried out in accordance with 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 year, nor have been informed of any such case by the management.

XI. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for 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. Accordingly, the reporting requirements under paragraph 3(xii) of the Order is not applicable.

XIII. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in Note.15 to the standalone IndAS financial statements as required by the applicable accounting standards.

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XIV. According to the information and explanations given to us and the records of the company examined by us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting requirements under clause (xiv) of the paragraph 3 of the order are not applicable.

XV. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, the reporting requirement under paragraph 3(xv) of the Order is not applicable.

XVI. According to the information and explanations given to us and records of the company examined by us, the company is not required to be registered under section45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under paragraph 3 (xvi) of the order is not applicable.

For ***Prabhu Hegde & Associates***
Chartered Accountants
Firm Registration Number: 012225 S

Manjunath

Manjunath Prabhu S
Partner
Membership Number: 221515
UDIN: 20221515AAAADI7292

PRABHU HEGDE & ASSOCIATES KOCHI 682 035 CHARTERED ACCOUNTANTS

Place: Ernakulam
Date: 28/06/2020

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of THE **KOHINOOR SAW MILLS COMPANY LIMITED** ("the Company") as of 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

PRABHU HEGDE & ASSOCIATES KOCHI 682 035 CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For ***Prabhu Hegde & Associates***
Chartered Accountants
Firm Registration Number: 012225 S

Manjunath

Manjunath Prabhu S
Partner
Membership Number: 221515
UDIN: 20221515AAAADI7292

PRABHU HEGDE & ASSOCIATES KOCHI 682 035 CHARTERED ACCOUNTANTS

Place: Ernakulam
Date: 28/06/2020

THE KOHINOOR SAW MILLS COMPANY LIMITED

BALANCE SHEET FOR THE PERIOD ENDED 31ST MARCH, 2020

(in Rs)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	2	18,066	18,066
(b) Financial Assets			
(i) Loans	3	77,030	76,370
(c) Deferred tax assets (net)		-	-
(2) Current assets			
(a) Inventories	4	25,980	1,23,784
(b) Financial Assets			
(i) Trade receivables		5,242	-
(ii) Cash and cash equivalents	5	1,22,744	46,736
(d) Other current assets		4,110	-
Total Assets		**2,53,172**	**2,64,956**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share capital	6	5,00,000	5,00,000
(b) Other Equity	7	(13,19,520)	(13,34,995)
LIABILITIES			
(1) Non-current liabilities		-	-
(2) Current liabilities			
(i) Borrowings			
(ii) Trade payables	8	48,988	1,46,406
(iii) Other financial liabilities	9	9,50,000	9,50,000
(a) Other current liabilities	10	68,500	-
(d) Current Tax Liabilities (Net)		5,204	3,545
Total Equity and Liabilities		**2,53,172**	**2,64,956**

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)

Prabhu Hegde & Associates
Chartered Accountants
FRN: 012225 S

Manjunath

Manjunath Prabhu S
Partner
M.No : 221515

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Place: Kannur
Date: 28-06-2020

For and on behalf of the Board of Directors

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 2020

(in Rs)

	Particulars	Note No.	For the Period ended 31st March 2020	For the Period ended 31st March 2019
I	Revenue from operations	11	1,40,908	4,10,000
II	Other income	12	1,72,790	1,73,919
III	**Total Revenue (I + II)**		**3,13,698**	**5,83,919**
IV	**Expenses:**			
	Cost of materials consumed	13	97,804	2,84,600
	Depreciation and amortization expense	2	-	-
	Other expenses	14	1,95,215	2,77,877
	Total Expenses (IV)		**2,93,019**	**5,62,477**
V	Profit / (Loss) before Exceptional Items and tax (III-IV)		20,679	21,442
VI	Exceptional Items		-	-
VII	**Profit before tax (III - IV+VI)**		**20,679**	**21,442**
VIII	Tax expense:			
	(1) Current tax		5,204	4,625
	(2) Prior tax adjustment		-	-
	(3) Deferred tax		-	-
IX	**Profit (Loss) for the period (VII - VIII)**		**15,475**	**16,817**
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)**		**15,475**	**16,817**
XII	**Earnings per equity share:**	15		
	(1) Basic		3.10	3.36
	(2) Diluted		3.10	3.36

See accompanying notes to the financial statements.

As per our separate report of even date attached

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

For and on behalf of the Board of Directors

Prabhu Hegde & Associates
Chartered Accountants
FRN: 012225 S

Manjunath Prabhu S
Partner
M.No : 221515

P K Mayan Mohamed
Director
(DIN: 00026897)

Pushya Sitaraman
Director
(DIN: 06537196)

Place: Kannur
Date: 28-06-2020

PRABHU HEGDE & ASSOCIATES CHARTERED ACCOUNTANTS KOCHI 682 035

THE KOHINOOR SAW MILLS COMPANY LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31ST, 2020

(in Rs)

Particulars	For the year Ended 31st March 2020		For the year Ended 31st March 2019	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) for the year after tax		**15,475**		**21,442**
Add/(Less): Adjustments for Non-cash items:				
Provision for Taxation	5,204		-	
Interest Income	(4,790)	-	(5,919)	
		414		(5,919)
Operating Profit before Working Capital Changes		**15,890**		**15,523**
Adjustment for changes in:				
(Increase)/ Decrease Inventories	97,804		(1,23,784)	
(Increase)/ Decrease Trade Receivables & Other Current Assets	(10,012)		-	
Increase/ (Decrease) Trade Payables and Other Current Liabilities	(28,918)	58,874	1,29,143	5,359
Cash generated from Operations		**74,763**		**20,882**
Less: Income Tax Paid		3,545		(515)
Net Cash from Operating Activities Total (A)		**71,218**		**20,367**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Interest received	4,790		5,919	
Sale of Fixed Assets	-		-	
Total (B)		**4,790**		**5,919**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid	-		-	
Total (C)		-		-
Total Cash Flow for the year (A + B + C)		**76,008**		**26,286**
Add: Opening Cash and Cash Equivalents		46,736		20,450
Closing Cash and Cash Equivalents		**1,22,744**		**46,736**

As per our separate report of even date attached

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

For and on behalf of the Board of Directors

Prabhu Hegde & Associates
Chartered Accountants
FRN: 012225 S

Manjunath Prabhu S
Partner
M.No : 221515

P K Mayan Mohamed
Director
(DIN: 00026897)

Pushya Sitaraman
Director
(DIN: 06537196)

Place: Kannur
Date: 28-06-2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2020

Equity Share Capital

	Balance as at 31st March, 2018	Changes in Equity share capital during the year	Balance as at 31st March, 2019	Changes in Equity share capital during the year	Balance as at 31st March 2020
Paid Up Capital	5,00,000	-	5,00,000	-	5,00,000

Other Equity **(in Rs)**

Particulars	Reserves & Surplus				Total
	Capital Reserve	General Reserve	Retained Earnings	Other Comprehensive income	Total
Balance at the begining of April 1, 2018	-	-	**(13,51,812)**	-	(20,15,602)
Profit for the year	-	-	16,817	-	16,817
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	**16,817**	-	**16,817**
Balance at the end of March 31, 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 31 March 2020	-	-	**(13,19,520)**	-	**(13,19,520)**

General Reserve

Under the erstwhile Companies Act,1956 a General Reserve was created through an annual transfer of net income 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. There is no movement in general reserve during the current and previous year.

Capital Reserve

There is no movement in Capital reserve during the current and previous year.

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 and on behalf of the Board of Directors

Prabhu Hegde & Associates
Chartered Accountants
FRN: 012225 S

Manjunath

Manjunath Prabhu S
Partner
M.No : 221515

Place: Kannur
Date: 28-06-2020

PRABHU HEGDE & ASSOCIATES
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682 035
CHARTERED ACCOUNTANTS

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 2018	10,828	-	6,572	645	3	18	-	-	18,066
Additions/adjustment									-
Disposals/adjustments	-	-		-					-
As at 31st March 2019	10,828	-	6,572	645	3	18	-	-	18,066
Additions									-
Disposals/adjustments				-					-
As at 31st March 2020	10,828	-	6,572	645	3	18	-	-	18,066
As at 1st April 2018	-	-	-	-	-	-	-	-	-
Depriciation during the year	-	-	-	-	-				-
Disposals/adjustments	-	-	-	-	-	-	-	-	-
As at 31st March 2019	-	-	-	-	-	-	-	-	-
Depriciation during the Period	-	-	-	-	-	-	-	-	-
Disposals/adjustments	-	-	-	-	-	-	-	-	-
As at 31st March 2020	-	-	-	-	-	-	-	-	-
Net Carrying Amount									
As at 1st April 2018	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 2020	10,828	-	6,572	645	3	18	-	-	18,066

Capital Work in Progress	As at 31st March 2019	As at 31st March 2018
Plant & Machinery	-	-
Building	-	-
Total	-	-

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Notes attached to and forming part of Financial Statements

(in Rs)

3. Loans - Non-Current Assets

Paticulars	For the Period ended 31st March 2020	For the Period ended 31st March 2019
a) Security Deposit		
Unsecured, Considered Good	77,030	76,370
Unsecured, Considered Doubtful	-	-
Less: Allowance for Credit Loss	-	-
	77,030	**76,370**
b) Loans to related parties	-	-
c) Others Loans(Specify Nature)	-	-
	-	-
TOTAL	**77,030**	**76,370**

4. Inventories

Paticulars	For the Period ended 31st March 2020	For the Period ended 31st March 2019
a) Raw Materials	25,980	1,23,784
b) Work in Progress	-	-
c) Finished Goods	-	-
d) Stores and Spares	-	-
TOTAL	**25,980**	**1,23,784**
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 2020	For the Period ended 31st March 2019
a) Balance with Banks		
(i)Current Accounts	1,22,712	46,704
	1,22,712	**46,704**
b) Cash on hand	32	32
TOTAL	**1,22,744**	**46,736**

Break up of financial assets

Paticulars	For the Period ended 31st March 2020	For the Period ended 31st March 2019
Financial assets carried at amortized cost		
Loans(refer note 3)	77,030	76,370
Cash and cash equivalents	1,22,744	46,736
Total	1,99,774	1,23,106

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THE KOHINOOR SAW MILLS COMPANY LIMITED

Notes attached to and forming part of Financial Statements

(in Rs)

6. Share Capital

Particulars	As at 31.03.2020	As at 31.03.2019
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 2020		31st March 2019	
	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 2020		31st March 2019	
	% 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

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st March, 2020

(in Rs)

7. Other Equity

Particulars	As at 31.03.2020	As at 31.03.2019
Retained Earnings	13,19,520	13,34,995
Total	**13,19,520**	**13,34,994**

7.01 Description of nature and purpose of reserve

i) **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.

8. Trade payables

Paticulars	As at 31.03.2020	As at 31.03.2019
Trade payables	48,988	1,46,406
TOTAL	**48,988**	**1,46,406**

9. Other Financial Liabilities

Paticulars	As at 31.03.2020	As at 31.03.2019
Lease rent deposit	9,50,000	9,50,000
TOTAL	**9,50,000**	**9,50,000**

10. Other Current Liabilities

Paticulars	As at 31.03.2020	As at 31.03.2019
Other Payable	68,500	-
TOTAL	**68,500**	-

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(in Rs)

11. Revenue from Operations

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Sale of Products	1,40,908	4,10,000
Revenue from Operations (Gross)	1,40,908	4,10,000
Revenue from Operations	**1,40,908**	**4,10,000**

12. Other Income

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Lease rent	1,68,000	1,68,000
Interest income	4,790	5,919
Total	**1,72,790**	**1,73,919**

13. Cost of Materials Consumed

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Inventory at the beginning of the year	1,23,784	-
Add: Purchases	-	4,08,384
Less : Inventory in Transit	-	-
Less: Inventory at the end of the year	25,980	1,23,784
	97,804	**2,84,600**

14. Other Expenses

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Rates and taxes	41,555	18,486
Payment to auditors (See note no 14.1)	21,500	16,500
Repairs and Maintanance	45,000	90,000
Travelling expense	31,500	24,000
Professional charges	45,760	50,780
Other expense	9,900	78,111
Total	**1,95,215**	**2,77,877**

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(in Rs)

14.1 Payment to Auditors

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Statutory audit fee	16,500	16,500
Other	5,000	-
	21,500	**16,500**

15. Earnings per equity share

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Earnings per equity share		-
Net profit available to equity shareholders	15,475	16,817
Weighted Average Number of Equity Shares of Rs. 100/- each (fully paid-up)	5,000	5,000
Earnings per share - Basic & Diluted (Rs)	**3.10**	**3.36**

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(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
Holding Company	The Western India Plywoods Limited

(ii) Details of the transactions with the related parties during the year ended March 31, 2020

Particulars	March 31, 2020	March 31, 2019
The Western India Plywoods Limited		
Sale of briquettes	60,238	4,10,000
Lease rent	1,68,000	1,68,000
	2,28,238	**5,78,000**

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

Particulars	March 31, 2020	March 31, 2019
Payable		
Trade payable	48,988	1,46,406
Lease rent Deposit	9,50,000	9,50,000
	9,98,988	**10,96,406**

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(All amounts in Indian Rupees, unless otherwise stated)

17 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, 2020:

Company's assets and liabilities which are measured at amortised cost for which fair value are disclosed at March 31, 2019

	Carrying amount as at	Fair value		
	March 31, 2019	**Level I**	**Level II**	**Level III**
Financial assets at amortized cost:				
Loans (Non-current) (Note 3)	76,370	-	76,370	-
Total	**76,370**	-	**76,370**	-

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**	-

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.

18 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 liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks, which are summarised below.

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. Market risk comprises three types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include cash and cash equivalents, trade receivables, unbilled revenue, trade payable, capital creditors and borrowings.

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.

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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 financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables, loans including balances with banks.

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, 2020				
Other financial liabilities	9,50,000	-	-	9,50,000
Trade and other payables	48,988	-	-	48,988
	9,98,988	-	-	**9,98,988**
March 31, 2019				
Other financial liabilities	9,50,000	-	-	9,50,000
Trade and other payables	1,46,406	-	-	1,46,406
	10,96,406	-	-	**10,96,406**

19 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, 2020	As at March 31, 2019
Non-current borrowings			
Current borrowings	8	48,988	1,46,406
Less: Cash and cash equivalents	5	1,22,744	46,736
Net debt		**(73,756)**	**99,670**
Equity share capital	6	5,00,000	5,00,000
Other equity	7	(13,19,520)	(13,34,995)
Total capital		**(8,19,520)**	**(8,34,995)**
Gearing ratio		**9%**	**-12%**

20 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.

21 The Financial Statements for the year ended 31st March 2020 were approved by the Board of Directors on 29th June 2020.

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.

Prabhu Hegde & Associates
Chartered Accountants
FRN: 012225 S

Manjunath

Manjunath Prabhu S
Partner
M.No : 221515

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: 00718236)

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Place: Kannur
Date: 28-06-2020

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 ot The Western India Plywoods Ltd. The Company has its registered office at Mill road Balipatam, Kannur, Kerala - 670 010. The Company is a manfacturer 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.

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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

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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 settle the liability simultaneously.

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.

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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 cst and net realizable value. However material and other items hed 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 detemining the cost of inventories, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (ther 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 dirct cost of production and appropriate overheads. The net realisable vaue of bought out inventories is taken at the current replacement vaue.

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.

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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.

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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

PRABHU HEGDE & ASSOCIATES
KOCHI
682 035
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