

# B S R & Co. LLP

Chartered Accountants

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## Independent Auditor's Report

To the Members of Exotech Plastics Private Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Exotech Plastics Private Limited (the "Company"), which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and 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 financial statements give the information required by the Companies Act, 2013 ("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 31 March 2022, and its profit and other comprehensive income, changes in equity and its 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 Act. Our responsibilities under those SAs 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 ("ICAI") 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 obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Director's report, but does not include the financial statements and our Auditor's Report thereon. The Director's report is expected to be made available to us after the date of the Auditor's Report.

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, 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.

Registered Office:

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP  
(a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco  
Center, Western Express Highway, Goregaon (East), Mumbai - 400063

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## **B S R & Co. LLP**

### **Independent Auditor's Report on the Audit of the Financial statements of Exotech Plastics Private Limited for the year ended 31 March 2022 (continued)**

When we read the Director's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary action as applicable, under the relevant laws and regulations.

#### **Management's and Board of Directors' Responsibilities for the Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also 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.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

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## **B S R & Co. LLP**

### **Independent Auditor's Report on the Audit of the Financial statements of Exotech Plastics Private Limited for the year ended 31 March 2022 (continued)**

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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.

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, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) 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 changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

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## **B S R & Co. LLP**

### **Independent Auditor's Report on the Audit of the Financial statements of Exotech Plastics Private Limited for the year ended 31 March 2022 (continued)**

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

- a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 38 to the financial statements.
- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material misstatement.

e) The Company has neither declared nor paid any dividend during the year.

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**Independent Auditor's Report on the Audit of the Financial statements of Exotech Plastics Private Limited for the year ended 31 March 2022 (continued)**

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, no remuneration is paid by the Company to its directors during the current year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

*for B S R & Co. LLP*

*Chartered Accountants*

ICAI firm registration number: 101248W/W-100022



**Umang Banka**

*Partner*

Membership No. 223018

UDIN: 22223018AJQIAH9956

Place: Bengaluru

Date: 26 May 2022

**Annexure A to the Independent Auditor's report on financial statements of Exotech Plastics Private Limited for the year ended 31 March 2022**

With reference to the Annexure A referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's report to the members of Exotech Plastics Private Limited ('the Company') on the financial statements for the year ended 31 March 2022, we report that:  
(Referred to in our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.  
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. No material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not have any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company except as follows :

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**Annexure A to the Independent Auditor's report on financial statements of Exotech Plastics Private Limited for the year ended 31 March 2022 (continued)**

Quarter	Name of bank	Particulars	Amount as per books of account (Rs. in million)	Amount as reported in the quarterly return/statement (Rs. in million)	Amount of difference (Rs. in million)	Whether return/statement subsequently rectified
Q1	ICICI Bank	Inventory	122.93	117.27	5.66	No
Q1	ICICI Bank	Trade Receivable	156.64	128.24	28.40	No
Q1	ICICI Bank	Trade Payable	96.56	75.44	21.12	No
Q2	ICICI Bank	Inventory	113.76	113.17	0.59	No
Q2	ICICI Bank	Trade Receivable	217.56	192.18	25.38	No
Q2	ICICI Bank	Trade Payable	143.50	125.90	17.60	No
Q3	ICICI Bank	Inventory	122.31	121.72	0.59	No
Q3	ICICI Bank	Trade Receivable	214.05	187.26	26.79	No
Q3	ICICI Bank	Trade Payable	121.28	110.44	10.84	No
Q4	ICICI Bank	Inventory	135.90	135.30	0.60	No
Q4	ICICI Bank	Trade Receivable	271.29	228.94	42.35	No
Q4	ICICI Bank	Trade Payable	165.47	157.17	8.30	No

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments and has not provided any guarantee or security or granted any advance in nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has granted loans to other parties (employees) in respect of which the requisite information is as below. The Company has not granted any loans to companies, firms and limited liability partnerships during the year.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has granted loans to other parties (employees) as below:

Particulars	Amount (Rs. in million)
Aggregate amount during the year	
Others (employees)	1.76
Balance outstanding as at balance sheet date	
Others (employees)	0.79

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the terms and conditions of the grant of loans are, prima facie, not prejudicial to the interest of the Company.

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**Annexure A to the Independent Auditor's report on financial statements of Exotech Plastics Private Limited for the year ended 31 March 2022 (continued)**

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given to other parties (employees), in our opinion the repayment of principal has been regular. The loan given are interest free and hence there are no stipulation with respect to payment of interest. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods (and/or services provided by it) and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into Goods and services tax. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and services tax, Provident fund, Employees' state insurance, Income-tax, Duty of customs, Cess and other statutory dues have been regularly deposited with the appropriate authorities, as there have been slight delays in few cases of Income-tax.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ("GST"), Provident fund, Employees' state insurance, Income-tax, Duty of customs, cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

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**Annexure A to the Independent Auditor's report on financial statements of Exotech Plastics Private Limited for the year ended 31 March 2022 (continued)**

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and Service Tax, Provident fund, Employees state insurance, Income-tax, Duty of customs or cess or other statutory dues which have not been deposited on account of any dispute except for the following:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
The Income tax Act, 1961	Income Tax	264,337	2007-2008, 2009-2010 and 2013-2014	Assessing Officer, Mumbai
The Wealth tax Act, 1957	Wealth Tax	214,541	2009-2010	Assessing Officer, Mumbai

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of borrowing or in the payment of interest thereon to any lender. In respect of loan taken by the Company, the repayment of principal and payment of interest has been stipulated however the same is not yet due.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(e) is not applicable.
- (f) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(f) is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.

**Annexure A to the Independent Auditor's report on financial statements of Exotech  
Plastics Private Limited for the year ended 31 March 2022 (continued)**

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government of India.
- (c) Based on the information and explanations provided to us, the Company does not have a vigil mechanism and is not required to have a vigil mechanism as per the Act or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) The Company is a private limited company and accordingly the requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

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**Annexure A to the Independent Auditor's report on financial statements of Exotech  
Plastics Private Limited for the year ended 31 March 2022 (continued)**

- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the Statutory Auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the Audit Report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the Audit Report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

for **B S R & Co. LLP**  
*Chartered Accountants*  
ICAI firm registration number: 101248W/W-100022



**Umang Banka**  
*Partner*  
Membership No. 223018  
UDIN: 22223018AJQIAH9956

Place: Bengaluru  
Date: 26 May 2022

## **B S R & Co. LLP**

**Annexure B to the Independent Auditor's report on the financial statements of Exotech Plastics Private Limited for the period ended 31 March 2022.**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

### **Opinion**

We have audited the internal financial controls with reference to financial statements of Exotech Plastics Private Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

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

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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## **BSR & Co. LLP**

**Annexure B to the Independent Auditor's report on the financial statements of Exotech Plastics Private Limited for the period ended 31 March 2022 (continued)**

### **Auditor's Responsibility (Continued)**

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

### **Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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.

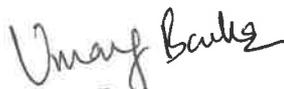
### **Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **BSR & Co. LLP**

*Chartered Accountants*

ICAI firm registration number: 101248W/W-100022



**Umang Banka**

*Partner*

Membership No. 223018

UDIN: 22223018AJQIAH9956

Place: Bengaluru

Date: 26 May 2022

Exotech Plastics Private Limited (formerly known as Exotech Zanini Industries Private Limited)

Balance Sheet

(₹ in million)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	138.60	161.81
Investment Property	4	-	-
Right-of-use assets	22	114.56	127.06
Other Intangible assets	5	1.18	0.02
<b>Financial Assets</b>			
i. Other non-current financial assets	7	10.48	9.89
Income tax assets (net)	8	-	0.42
Deferred tax assets (net)	9	15.64	6.54
Other non-current assets	10	12.21	1.26
<b>Total Non-current assets</b>		<b>292.67</b>	<b>307.00</b>
<b>Current assets</b>			
Inventories	11	135.90	112.50
<b>Financial Assets</b>			
i. Trade receivables	12	271.29	225.16
ii. Cash and cash equivalents	13	111.42	111.23
iii. Bank balances other than Cash and cash equivalents	14	14.21	13.60
iv. Loans	6	0.79	0.55
v. Other current financial assets	7	0.31	0.36
Other current assets	10	12.75	30.53
<b>Total Current assets</b>		<b>546.67</b>	<b>493.93</b>
<b>Total Assets</b>		<b>839.34</b>	<b>800.93</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	15	28.00	28.00
Other Equity	16	361.15	324.67
<b>Total Equity</b>		<b>389.15</b>	<b>352.67</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
i. Non current borrowings	17	20.00	3.16
ii. Lease liabilities	22	140.75	151.32
iii. Other financial liabilities	19	0.12	-
<b>Total Non-current liabilities</b>		<b>160.87</b>	<b>154.48</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
i. Current borrowings	17	48.88	46.22
ii. Lease liabilities	22	27.76	27.76
iii. Trade payables	18		
a) total outstanding dues to micro enterprises and small enterprises		84.65	3.34
b) (total outstanding dues to creditors other than micro enterprises and		80.82	145.27
iv. Other current financial liabilities	19	12.75	11.19
income tax liability (net)	8	0.50	8.11
Other current liabilities	21	24.15	46.01
Current provisions	20	9.81	5.88
<b>Total Current Liabilities</b>		<b>289.32</b>	<b>293.78</b>
<b>Total Liabilities</b>		<b>450.19</b>	<b>448.26</b>
<b>Total Equity and Liabilities</b>		<b>839.34</b>	<b>800.93</b>

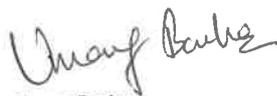
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**Significant accounting policies**

See accompanying notes to the financial statements  
As per our report of even date attached

for BSR & Co. LLP  
Chartered Accountants  
Firm's registration number: 101248W/W-100022

for and on behalf of Board of Directors of  
**Exotech Plastics Private Limited**  
(formerly known as Exotech Zanini Industries Private Limited)



**Umang Banka**  
Partner  
Membership number: 223018  
Place: Bengaluru  
Date: 26 May 2022



**K A Joseph**  
Director  
DIN : 00784084  
Place: Pune  
Date: 26 May 2022



**Sanjay Bhapat**  
Director  
DIN : 0029851  
Place: Pune  
Date: 26 May 2022

Exotech Plastics Private Limited (formerly known as Exotech Zanini Industries Private Limited)

Statement of Profit and Loss

(₹ in million)

Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Income</b>			
Revenue From Operations	23	1,020.24	685.26
Other Income	24	8.24	64.15
<b>Total income</b>		<b>1,028.48</b>	<b>749.41</b>
<b>Expenses</b>			
Cost of raw materials consumed	25	599.34	383.26
Changes in inventory of finished goods and work-in-progress	26	(20.60)	(9.35)
Employee benefits expense	27	101.29	82.21
Finance costs	28	25.50	23.94
Depreciation and amortization expense	29	51.71	48.33
Other expenses	30	216.40	154.94
<b>Total expenses</b>		<b>973.64</b>	<b>683.33</b>
<b>Profit before tax</b>		<b>54.84</b>	<b>66.08</b>
Tax expenses	31		
Current tax		24.27	13.81
Deferred tax (credit) / charge		(8.21)	0.21
<b>Total tax expense</b>		<b>16.06</b>	<b>14.02</b>
<b>Profit for the year</b>		<b>38.78</b>	<b>52.06</b>
<b>Other Comprehensive (Expense) / Income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Re-measurements of defined benefit plans	39	(3.19)	(0.12)
Income tax relating to items that will not be reclassified to profit or loss	31	0.89	0.04
<b>Other comprehensive expense for the year, net of tax</b>		<b>(2.30)</b>	<b>(0.08)</b>
<b>Total Comprehensive Income for the year</b>		<b>36.48</b>	<b>51.98</b>
<b>Earnings per equity share (face value of ₹10 each)</b>			
Basic and Diluted (in ₹)	32	13.85	18.59
<b>Significant accounting policies</b>	2		
See accompanying notes to the financial statements			
As per our report of even date attached			

for BSR & Co. LLP  
Chartered Accountants  
Firm's registration number: 101248W/W-100022

for and on behalf of Board of Directors of  
Exotech Plastics Private Limited  
(formerly known as Exotech Zanini Industries Private Limited)



Umang Banka  
Partner  
Membership number: 223018  
Place: Bengaluru  
Date: 26 May 2022



K A Joseph  
Director  
DIN : 00784084  
Place: Pune  
Date: 26 May 2022



Sanjay Thapar  
Director  
DIN : 01019851  
Place: Pune  
Date: 26 May 2022

Statement of Changes in Equity

Equity share capital

(₹ in million)

Particulars	As at	As at
	31 March 2022	31 March 2021
Opening Balance	28.00	28.00
Changes in equity share capital [refer Note 15(a)]	-	-
Closing balance	28.00	28.00

Other equity

(₹ in million)

Particulars	Reserves and surplus		Items of other comprehensive income	Total
	Securities premium	Retained earnings		
As at 1 April 2021	22.80	298.36	3.51	324.67
Profit for the year	-	38.78	-	38.78
Other comprehensive income / (expense)	-	-	(2.30)	(2.30)
<b>Total comprehensive income</b>	-	38.78	(2.30)	36.48
As at 31 March 2022	22.80	337.14	1.21	361.15
As at 1 April 2020	22.80	246.30	3.59	272.69
Profit for the year	-	52.06	-	52.06
Other comprehensive income / (expense)	-	-	(0.08)	(0.08)
<b>Total comprehensive income</b>	-	52.06	(0.08)	51.98
As at 31 March 2021	22.80	298.36	3.51	324.67

Significant accounting policies (refer Note 2)

See accompanying notes to the financial statements  
As per our report of even date attached

for BSR & Co. LLP  
Chartered Accountants

Firm's registration number: 101248W/W-100022

for and on behalf of Board of Directors of  
Exotech Plastics Private Limited  
(formerly known as Exotech Zanini Industries Private Limited)



Umang Banka  
Partner  
Membership number: 223018  
Place: Bengaluru  
Date: 26 May 2022



K A Joseph  
Director  
DIN: 00784084  
Place: Pune  
Date: 26 May 2022



Sanjay Thapar  
Director  
DIN: 01029851  
Place: Pune  
Date: 26 May 2022

Statement of cash flows

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Cash flow from operating activities</b>	54.84	66.08
Profit before tax		
<i>Adjustments:</i>	51.71	48.33
Depreciation and amortization expense	(0.62)	-
Profit on sale of property, plant and equipment, net	-	(53.83)
Profit on sale of investment property	(3.37)	(1.84)
Interest income	25.50	23.05
Interest expense	-	0.04
Unrealised foreign exchange loss, net	(0.33)	0.12
Loss allowances on financial assets, net	0.08	0.16
Bad debt written off	-	(2.18)
Fair value gain on financial instruments	127.81	79.93
<b>Operating cash flow before working capital changes</b>		
<i>Adjustments for increase / decrease in operating assets and liabilities</i>	(45.66)	(16.67)
Changes in trade receivables	(23.40)	(18.25)
Changes in inventories	(0.24)	3.53
Changes in loans	17.78	(9.44)
Changes in non-financial assets	(0.31)	(8.10)
Changes in financial assets	(21.86)	5.54
Changes in non-financial liabilities	16.86	54.28
Changes in trade payables	1.13	(5.44)
Changes in financial liabilities	0.74	0.25
Changes in provisions	72.85	85.63
<b>Cash generated from operations</b>	(31.46)	(10.80)
Income tax paid, net of refund	41.39	74.83
<b>Net cash generated from operating activities (A)</b>		
<b>Cash flow from Investing activities</b>	(27.63)	(2.97)
Purchase of property, plant and equipment and intangible assets	-	58.20
Proceeds from sale of investment property	0.52	-
Proceeds from sale of property, plant and equipment	2.53	1.18
Interest received on deposits	-	(0.71)
Investment in term deposits	(24.58)	55.70
<b>Net cash (used in) / from investing activities (B)</b>		
<b>Cash flow from Financing activities</b>	13.11	6.05
Proceeds from short-term borrowings, net	(13.61)	(6.09)
Repayment of long-term borrowings	20.00	-
Inter corporate loan from holding company (refer Note 36)	(27.77)	(27.76)
Payment of lease liabilities (including interest)	(8.35)	(4.29)
Interest paid	(16.62)	(32.09)
<b>Net cash used in financing activities (C)</b>		
<b>Net increase in Cash and cash equivalents (A+ B+ C)</b>	0.19	98.44
Cash and cash equivalents at the beginning of the year	111.23	12.79
<b>Cash and cash equivalents at the end of the year (refer Note 13)</b>	111.42	111.23
<b>Components of Cash and cash equivalents (refer Note 13)</b>		
Cash on hand		
Balance with banks	0.20	2.86
- in current account	49.70	78.24
- in cash credit account	61.52	30.13
- deposits with original maturity of less than 3 months	111.42	111.23
<b>Cash and cash equivalents as per Balance sheet</b>		

Reconciliation between opening and closing balance for liabilities arising from financing activities:

Particulars	(₹ in million)			
	Opening balance 1 April 2021	Cash flows	Non-cash movements	Closing balance 31 March 2022
Long-term borrowings	13.61	(13.61)	-	-
Inter corporate loan from holding company	-	20.00	-	20.00
Short-term borrowings	35.77	13.11	-	48.88
Interest accrued but not due	0.05	(8.35)	8.42	0.12
Leases	179.08	(27.77)	17.20	168.51
<b>Total liabilities from financing activities</b>	228.51	(16.62)	25.62	237.51



Statement of Cash Flows (Continued)

(₹ in million)

Particulars	Opening balance 1 April 2020	Cash flows	Non-cash movements	Closing balance 31 March 2021
Long-term borrowings	19.70	(6.09)	-	13.61
Short-term borrowings	29.72	6.05	-	35.77
Interest accrued but not due	0.09	(4.29)	4.25	0.05
Leases	188.64	(27.76)	18.20	179.08
<b>Total liabilities from financing activities</b>	<b>238.15</b>	<b>(32.09)</b>	<b>22.45</b>	<b>228.51</b>

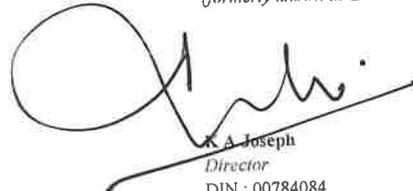
The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7 "Statement of Cash Flows" prescribed under the Companies (Indian Accounting Standard) Rules, 2015 under the Companies Act, 2013.

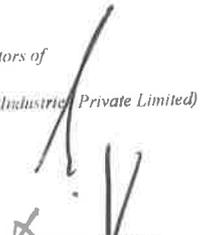
Significant accounting policies (refer Note 2)  
See accompanying notes to the financial statements  
As per our report of even date attached

for B S R & Co. LLP  
Chartered Accountants  
Firm's registration number: 101248W/W-100022

  
Umang Banka  
Partner  
Membership number: 223018  
Place: Bengaluru  
Date: 26 May 2022

for and on behalf of Board of Directors of  
Exotech Plastics Private Limited  
(formerly known as Exotech Zanini Industries Private Limited)

  
K. A. Joseph  
Director  
DIN : 00784084  
Place: Pune  
Date: 26 May 2022

  
Sanjay Naphar  
Director  
DIN : 01029851  
Place: Pune  
Date: 26 May 2022

**Exotech Plastic Private Limited (formerly known as Exotech Zanini Industries Private Limited)**  
**Significant accounting policies**

**1) Company overview**

Exotech Plastic Private Limited is a Company, incorporated under the Companies act 1956, on 17 July 1996 and domiciled in India. The Company is engaged in the business of manufacturing and supply of components, assemblies, accessories of plastics and other materials for application and use in automotive industry, consumer durables, agro industries and construction.

The registered office of the Company is at Plot No. F-27 C, MIDC Ranjangaon Village Karegaon, Taluka Shirur, Pune – 412220, Maharashtra, India. The Company is a wholly owned subsidiary of S.J.S. Enterprises Limited.

**a) Statement of Compliance and presentation**

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

These financial statements were approved by the Board of Directors of the Company in their meeting held on 26 May 2022.

**b) Basis of measurement**

The financial Statements have been prepared on a historical cost convention and on an accrual basis of accounting, except:

a) Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of defined benefit obligations.

b) Certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Accounting policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date.

These financial statements have been prepared as a going concern on the basis of relevant Ind AS that are effective at the Company's reporting date, 31 March 2022.

**c) Functional currency and presentation**

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions up to two decimal places, unless otherwise mentioned.

**d) Use of estimates, assumptions and judgements**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amount of income and expenses for the year reported. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors that are believed to be reasonable under the circumstance. Revisions to accounting estimates are recognised in the year in which the estimates are revised, and future periods are affected.

**Assumptions, judgements and estimation:**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2022 is included in the following notes:

- Note 2 (b) and Note 2 (c)- Useful life of property, plant and equipment and intangible assets;
- Note 2 (f) - Impairment of financial assets;
- Note 2 (i) - Measurement of defined benefit obligations: key actuarial assumptions;
- Note 2 (k) - Lease classification;
- Note 2 (m) - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

**Impact of COVID-19 (Global Pandemic)**

The Company has been taking steps, proactively, to protect the health of employees and the working environment from the spread of Covid-19. The Company has considered the possible effects that may result from the global health pandemic relating to Covid-19 on its operations. Management believes that it has taken into account external and internal information for assessing the possible impact of Covid-19 on various elements of its financial results, including its liquidity position and the recoverability of assets. However, the impact assessment of Covid-19 is a



**Exotech Plastic Private Limited (formerly known as Exotech Zanini Industries Private Limited)**  
**Significant accounting policies (Continued)**

continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any.

**e) Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized 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 treated 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 non-current liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**f) Fair value measurement**

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 33 and 34: financial instruments

**2) Summary of significant accounting policies**

**(a) Revenue recognition**

**Sale of goods**

Revenue is recognised upon transfer of control of promised goods or services to customer in an amount that reflects the consideration the Company expects to receive in exchange for those goods.

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax, etc. For certain contracts that permits the customer to return an item, revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Revenue from sale of products is recognised at the point in time when control is transferred to customer.



**Exotech Plastic Private Limited (formerly known as Exotech Zanini Industries Private Limited)**  
**Significant accounting policies (Continued)**

Costs that relate directly to a contract and incurred in securing a contract are recognized as an asset and amortized over the contract term as reduction in revenue

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

**Scrap sales**

Revenue from sale of scraps in the course of ordinary activities is measured at the fair value of the consideration received or receivable

**Trade receivables**

A trade receivable is recognised if the amount of consideration is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section - Financial instruments – initial recognition and subsequent measurement.

**Unbilled revenue**

Unbilled revenue are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned or deferred revenue is recognised when there are billings in excess of revenues.

**Sale of services**

Revenue with respect to sale of services is recognized when the services are rendered, and no significant uncertainty exists regarding the collection of consideration.

**Variable consideration**

If the consideration in a contract includes a variable amount, such as sales returns and discounts, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

**Other income**

Other income comprises interest income on deposits, gain/ (losses) on disposal of financial assets and non-financial assets. It is recognised on accrual basis except where the receipt of income is uncertain.

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

Dividend income is accounted when the right to receive the dividend is established, Dividend income is included under the head "Other income" in the statement of profit and loss account.

**Government Grant**

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached condition will be complied with. When the grant related to an expense item, it is recognized as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in proportion to depreciation charged over the expected useful life of the related asset.



**Exotech Plastic Private Limited (formerly known as Exotech Zanini Industries Private Limited)**  
**Significant accounting policies (Continued)**

**(b) Property, plant and equipment**

Property, plant and equipment, excluding Freehold land are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on bringing the assets to working condition for its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour, any other costs directly attributable to bringing the item to working condition for its intended use and estimated costs of dismantling and removing them and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and such expenditure can be measured reliably.

Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. 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 recognized 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.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment."

A property, plant and equipment is eliminated from the standalone financial statements on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or losses arising disposal of property, plant and equipment is recognized in the statement of profit and loss.

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

**Depreciation and useful lives**

Depreciable amount for assets is the cost of asset less its estimated residual value. Depreciation on Property, Plant and Equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. Based on the internal technical assessment, the management believes that the useful lives as given below, which are different from those prescribed in Part C of schedule II of the Act, best represent the period over which Management expects to use these assets.

Property, Plant and Equipment	Management's estimate of useful life (in years)	Useful life as per Schedule II
Building	30	30
Electrical Installations	10	10
Plant and machineries	15	15
Furniture and fixtures	10	10
Computers	3	3
Servers	3	6
Office equipment	5	5
Vehicle	8	8

With effect from 1 April, 2020, based on the technical evaluation, the Company has revised the estimated useful lives of certain category of property, plant and equipment. The change in accounting estimate is applied prospectively in accordance with Ind AS 8, "Accounting policies, changes in accounting estimates and errors" and has an impact on the depreciation expense. The financial impact due to the change in the estimate is disclosed in Note 3.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Class of assets	Previous useful life	Revised useful life
Furniture and fixture	15	10
Office equipments	15	5
Plant and machineries	5-30	15
Vehicles	15	8

Freehold land is not depreciated. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.



**Exotech Plastic Private Limited (formerly known as Exotech Zanini Industries Private Limited)**  
**Significant accounting policies (Continued)**

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in statement of profit or loss within other gains / losses.

**(c) Other Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

The useful lives of intangible assets that is considered for amortization of intangible assets are as follows:

Intangible Asset	Management's estimate of useful life (in years)
Computer Software	3

The residual values, useful lives and method of amortization of intangible assets are reviewed at each financial year end and adjusted, if appropriate.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss.

**(d) Impairment of non-financial asset**

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset / CGU is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

**(e) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost is used. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. The comparison of cost and net realizable value is made on an item-by-item basis.

The method of determination of cost is as follows:

- Raw materials and components— Simple average basis
- Work-in-progress – includes cost of conversion.
- Finished goods—includes cost of conversion.
- Goods in transit – at purchase cost

The net realizable value of work-in-progress is determined with reference to the net realizable value of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realizable value. Fixed production overheads are allocated on the basis of normal capacity of production facilities. The provision for inventory obsolescence is assessed periodically and is provided as considered necessary.



(f) Financial Instruments

**A. Financial assets**

**i) Recognition and initial measurement**

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to contractual provisions of the instrument.

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets.

**ii) Classification and subsequent measurement**

**Financial assets**

On initial recognition, a financial instrument is classified and measured at

- Amortised cost
- Fair value through other comprehensive income (FVOCI) - debt instruments;
- Fair value through other comprehensive income (FVOCI) - equity investments; or
- Fair value through profit and loss (FVTPL).

Financial assets are not classified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets; and
- The contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI- equity investment). This election is made on an investment-to-investment basis.

All financial assets not classified as amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mistake that would otherwise arise.

**Financial assets: Subsequent measurement and gains and losses**

**Financial assets, at FVTPL:**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognized in the statement of profit or loss.

**Financial assets at amortised cost:**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in the statement of profit or loss.

**Debt investments at FVTOCI:**

These assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of profit or loss.

**Equity investments at FVTOCI:**

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to the statement of profit or loss.



## Financial Instruments (continued)

### Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Company determines whether there has been a significant increase in credit risk.

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on financial assets, trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12 month ECL.

### iii) Derecognition of financial assets

A financial asset is derecognized only when:

- the Company has transferred the rights to receive cash flows from financial asset or
- retains the contractual rights to receive the cash flows from financial asset but assumed a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

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

## B. Financial liability

### i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised cost. All financial liabilities are recognized initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

### ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

#### Amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.



### Financial Instruments (continued)

#### Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

#### Derecognition

A financial liability is derecognized 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### Offsetting

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

#### (g) Cash and cash equivalents

Cash and cash equivalent includes cash in hand, demand deposit with bank and 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.

#### (h) Foreign Currency transactions and translations

Foreign currency are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into relevant functional currency at exchange rates in effect at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss and are generally recognized in statement of profit and loss, except exchange differences arising from the translation of the following items which are recognized in OCI:

- equity investments at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

#### (i) Employee benefits

##### (i) Defined contribution plan

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

##### (ii) Defined benefit plans

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on plan assets above or below the discount rate is recognized as part of remeasurement of net defined liability or asset through other comprehensive income.

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.



**Exotech Plastic Private Limited (formerly known as Exotech Zanini Industries Private Limited)**  
**Significant accounting policies (Continued)**

The Company's gratuity scheme is administered through a third party trust and the provision for the same is determined on the basis of actuarial valuation carried out by an independent actuary. Provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by actuarial valuation and the available corpus of the funds.

**(iii) Short-term employee benefits**

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits, which include benefits like salaries, wages and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g. short term performance incentive, if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the amount of obligation can be estimated reliably.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**(iv) Compensated absences:**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised at an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date. In respect of compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related services, liability for short-term employee benefits is measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

**(j) Borrowing costs**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs allocated to and utilized for qualifying assets pertaining to the period from commencement of activities directly attributable to the acquisition, construction or production of upto the date of capitalisation of such asset are added to the cost of the assets. Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. All other borrowing costs are expensed in the period in which they occur.

**(k) Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease, that is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use (ROU) asset representing its right to use the underlying assets for the lease term and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company applies the short-term lease recognition exemption to all assets that have a lease term of 12 months or less from the commencement date. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term. Further, leases for which the underlying asset is of low value has been recognized immediately in the statement of profit and loss.



**Exotech Plastic Private Limited (formerly known as Exotech Zanini Industries Private Limited)**  
**Significant accounting policies (Continued)**

**(l) Taxation**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

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

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for the cases mentioned below.

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 recognized as income or expense in the period that includes the enactment or substantive enactment date.

Deferred tax is not recognized for temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or loss at the time of the transaction, and temporary investment related to investment in subsidiaries, associates and joint agreements to the extent that the Company is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax can be realised. Deferred tax assets, unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Minimum alternative tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Ind AS 12 defines deferred tax to include carry forward of unused tax credits that are carried forward by the entity for a specified period of time. Accordingly, MAT credit entitlement is grouped with deferred tax assets (net) in the balance sheet.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

**(m) Provisions and Contingent Liabilities**

**(i) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Expected future operating losses are not provided for.

**(ii) Onerous contract**

Provision for onerous contracts, i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

**(iii) Contingent liabilities**

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

**(n) Earnings per share**

The basic earnings per share is computed by dividing the net profit attributable to the owners of the Company for the year by the weighted average number of equity shares outstanding during reporting period.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.



**Exotech Plastic Private Limited (formerly known as Exotech Zanini Industries Private Limited)**  
**Significant accounting policies (Continued)**

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that is dilutive and which either reduces earnings per share or increase loss per share are included. The Company does not have any dilutive equity shares.

**(o) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Company has identified one reportable segment based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete financial information is available. The CODM monitors the operating results of the entity as a whole for the purpose of making decisions about resource allocation and performance assessment. Refer Note 41 for segment information and segment reporting.

**(p) Statement of Cash flow**

Cash flows are reported using the indirect method, whereby net profit before taxes for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**(q) Recent pronouncements**

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

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

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

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

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

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

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

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

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 116 – Annual Improvements to Ind AS (2021)**

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



Notes to the financial statements

3 Property, Plant and Equipment

Particulars	(₹ in million)						Capital work-in-progress
	Leasehold Improvements (refer i)	Plant and machineries	Furniture and fixtures	Office equipment	Vehicles	Total	
<b>Cost or Deemed Cost</b>							
As at 31 March 2020	18.28	197.28	4.53	1.02	3.81	224.92	-
Additions	-	2.01	0.05	0.13	-	2.19	-
Deletions	-	-	-	-	-	-	-
As at 31 March 2021	18.28	199.29	4.58	1.15	3.81	227.11	-
Additions	-	14.55	0.13	1.33	-	16.01	-
Deletions	-	(3.93)	-	-	-	(3.93)	-
As at 31 March 2022	18.28	209.91	4.71	2.48	3.81	239.19	-
<b>Accumulated depreciation</b>							
As at 31 March 2020	1.72	26.75	0.62	0.28	0.50	29.87	-
Depreciation for the year	1.73	32.34	0.62	0.24	0.50	35.43	-
Depreciation on deletions	-	-	-	-	-	-	-
As at 31 March 2021	3.45	59.09	1.24	0.52	1.00	65.30	-
Depreciation for the year	1.73	35.79	0.63	0.47	0.50	39.12	-
Depreciation on deletions	-	(3.83)	-	-	-	(3.83)	-
As at 31 March 2022	5.18	91.05	1.87	0.99	1.50	100.59	-
<b>Net carrying amount</b>							
As at 31 March 2020	16.56	170.53	3.91	0.74	3.31	195.05	-
As at 31 March 2021	14.83	140.20	3.34	0.63	2.81	161.81	-
As at 31 March 2022	13.10	118.86	2.84	1.49	2.31	138.60	-

i.) The Leasehold improvements are depreciated over a period of lease or useful life whichever is less. The lease period has commenced from 15 June 2013. The initial lease period mentioned in the lease agreement is 9 years, with an option to extend the lease for a further period of 9 years solely at the option of the lessee. Hence the total lease period is considered till 14 June 2031 i.e. 18 years. Accordingly the assets are depreciated over the extended lease period.

ii.) With effect from 1 April 2020, the Company has revised the useful lives of certain property, plant and equipment based on the operational efficiency review. As a result the expected useful lives of these assets have decreased (refer note 2). The change in accounting estimate is applied prospectively in accordance with Ind AS 8, 'Accounting policies, changes in accounting estimates and errors'. The effect of these changes on the depreciation charge in the current and future years is as follow:

For the year ended	(₹ in million)					Future years
	31 March 2021	31 March 2022	31 March 2023	31 March 2024	31 March 2025	
Increase in depreciation charge	9.10	8.83	10.17	7.77	(3.62)	(5.12)

iii.) The title deeds of all immovable properties are held in the name of the Company.

4 Investment Property

Particulars	(₹ in million)		
	Freehold land	Buildings	Total
<b>Cost or Deemed Cost</b>			
Balance as at 31 March 2020	1.01	4.11	5.12
Additions	-	-	-
Disposals	(1.01)	(4.11)	(5.12)
As at 31 March 2021	-	-	-
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2022	-	-	-
<b>Accumulated depreciation</b>			
As at 31 March 2020	-	0.38	0.38
Depreciation for the year	-	0.38	0.38
Depreciation on deletions	-	(0.76)	(0.76)
As at 31 March 2021	-	-	-
Depreciation for the year	-	-	-
Depreciation on deletions	-	-	-
As at 31 March 2022	-	-	-
<b>Net carrying amount</b>			
As at 31 March 2020	1.01	3.73	4.74
As at 31 March 2021	-	-	-
As at 31 March 2022	-	-	-



## Notes to the financial statements

## 5 Intangible assets

Particulars	(₹ in million)	
	Software	Total
<b>Cost or Deemed Cost</b>		
As at 31 March 2020	0.33	0.33
Additions	-	-
As at 31 March 2021	0.33	0.33
Additions	1.25	1.25
As at 31 March 2022	1.58	1.58
<b>Accumulated amortization</b>		
As at 31 March 2020	0.29	0.29
Amortization for the year	0.02	0.02
As at 31 March 2021	0.31	0.31
Amortization for the year	0.09	0.09
As at 31 March 2022	0.40	0.40
<b>Net carrying amount</b>		
As at 31 March 2020	0.04	0.04
As at 31 March 2021	0.02	0.02
As at 31 March 2022	1.18	1.18

(a) The recoverable amount of a cash-generating unit (CGU) is the higher of its fair value less costs of disposal and its value in use. For the purpose of determining fair value of a CGU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

As of 31 March 2022 and 31 March 2021, the estimated recoverable amount of the CGU exceeded its carrying amount, hence no impairment is triggered.

(b) The Company does not have any intangible assets under development

## 6 Loans

## Carried at amortised cost

Particulars	(₹ in million)	
	As at 31 March 2022	As at 31 March 2021
<b>Current</b>		
<i>Unsecured, considered good</i>		
Loans to employees	0.79	0.55
<b>Total</b>	0.79	0.55

## 7 Other financial assets

Particulars	(₹ in million)	
	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
<i>Unsecured, considered good</i>		
Security deposit	10.48	9.89
<b>Total</b>	10.48	9.89
<b>Current</b>		
<i>Unsecured, considered good</i>		
Interest on security deposit receivables	-	0.28
Interest accrued on fixed deposit	0.31	0.08
<b>Total</b>	0.31	0.36

## 8 Income tax assets (net)

Particulars	(₹ in million)	
	As at 31 March 2022	As at 31 March 2021
<b>Non - current</b>		
Advance tax and tax deducted at source, net of provision for tax	-	0.42
<b>Current</b>		
Income tax liabilities, net of tax assets	0.50	8.11

a) The gross movement in the income tax asset / (liability) for the year ended 31 March 2022 and 31 March 2021 is as follows:

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Net income tax asset at the beginning	(7.69)	(4.08)
Current income tax expense	(24.27)	(13.81)
Interest on income tax paid	-	(0.60)
Income tax paid (including interest)	31.46	10.80
<b>Net income tax liability at the end of the year</b>	<b>(0.50)</b>	<b>(7.69)</b>



Notes to the financial statements

9 Deferred tax assets (net)\*

Particulars	₹ in million	
	As at 31 March 2022	As at 31 March 2021
<b>Deferred tax assets</b>		
Provision for gratuity	1.10	0.03
Provision for compensated absences	1.12	0.86
Financial asset, carried at amortised cost	2.15	2.30
Lease liability	46.88	49.82
Provision for sales returns	0.24	0.49
Provision for discount	0.16	-
Provision for bonus	0.25	-
Loss allowances on financial assets, net	0.55	0.65
Provision for doubtful advances and receivables	2.57	-
<b>Total deferred tax asset (A)</b>	<b>55.02</b>	<b>54.15</b>
<b>Deferred tax liabilities</b>		
Property, plant and equipment and intangible assets	7.51	12.26
Right-of-use assets	31.87	35.35
<b>Total deferred tax liabilities (B)</b>	<b>39.38</b>	<b>47.61</b>
<b>Net deferred tax assets (A-B)</b>	<b>15.64</b>	<b>6.54</b>

\*Refer note 31(c)

10 Other assets

Particulars	₹ in million	
	As at 31 March 2022	As at 31 March 2021
<b>Non - current</b>		
Unsecured, considered good	12.21	1.26
Capital advances	12.21	1.26
<b>Total</b>		
<b>Current</b>		
Unsecured, considered good	8.28	12.19
Balances with government authorities	(8.28)	-
Less: Provision	-	12.19
Prepaid expenses	2.09	1.67
Advance to suppliers	10.66	16.37
Others	-	0.30
<b>Total</b>	<b>12.75</b>	<b>30.53</b>

11 Inventories (Valued at lower of cost or net realizable value)\*

Particulars	₹ in million	
	As at 31 March 2022	As at 31 March 2021
Raw materials	81.14	28.34
Work-in-progress	79.88	61.01
Finished goods **	24.88	23.15
<b>Total</b>	<b>135.90</b>	<b>112.50</b>

\* Refer Note 17 for Inventories hypothecated as security.

\*\* Including finished goods in transit as on 31 March 2022 ₹5.20 million (31 March 2021: ₹4.52 million).

12 Trade receivables

Particulars	₹ in million	
	As at 31 March 2022	As at 31 March 2021
<b>Current</b>		
Unsecured and Undisputed	269.50	217.27
Considered good	(1.54)	(2.04)
Less: Provision for impairment allowance	267.96	215.23
Trade receivables - credit impaired	0.45	0.28
Less: Provision for credit impaired	(0.45)	(0.28)
Unbilled revenue	3.33	9.93
<b>Total</b>	<b>271.29</b>	<b>225.16</b>

\* Refer Note 17 for trade receivable hypothecated as security.



Notes to the financial statements

12 Trade receivables (continued)

- (i) The Company's exposure to credit and currency risks, and loss allowances related to trade receivables is disclosed in note 34.  
 (ii) Refer note 36 for receivable from related parties.  
 (iii) Ageing for trade receivables from the due date of payment for each of the category is as follows:

(₹ in million)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Current (not due)	Less than 6 months	6 Months to 1 Year	1 -2 Years	2 -3 Years	
<b>31 March 2022</b>							
i) Undisputed trade receivable - considered good	3.33	219.74	48.76	1.00	-	-	272.83
ii) Undisputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
iii) Undisputed trade receivable - credit impaired	-	-	-	-	0.45	-	0.45
iv) Disputed trade receivable - considered good	-	-	-	-	-	-	-
v) Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
vi) Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>3.33</b>	<b>219.74</b>	<b>48.76</b>	<b>1.00</b>	<b>0.45</b>	<b>-</b>	<b>273.28</b>
<b>31 March 2021</b>							
i) Undisputed trade receivable - considered good	9.93	113.29	110.92	2.99	-	-	227.20
ii) Undisputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
iii) Undisputed trade receivable - credit impaired	-	-	-	-	0.28	-	0.28
iv) Disputed trade receivable - considered good	-	-	-	-	-	-	-
v) Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
vi) Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>9.93</b>	<b>113.29</b>	<b>110.92</b>	<b>2.99</b>	<b>0.28</b>	<b>-</b>	<b>227.48</b>

13 Cash and cash equivalents

(₹ in million)

Particulars	As at	
	31 March 2022	31 March 2021
Balances with banks:		
- in current accounts	0.20	2.86
- in cash credit account	19.70	78.24
- deposits with original maturity of less than 3 months	61.52	30.13
Cash on hand	-	-
<b>Total</b>	<b>111.42</b>	<b>111.23</b>

14 Bank balances other than Cash and cash equivalents

(₹ in million)

Particulars	As at	
	31 March 2022	31 March 2021
Current		
Other bank balances		
In deposit accounts (with original maturity of more than 3 months and less than 12 months)*#	14.21	13.60
<b>Total</b>	<b>14.21</b>	<b>13.60</b>

\*Includes fixed deposit of ₹12.00 million as restricted bank balances under lien in favour of ICICI Bank as collateral security against cash credit facilities as on 31 March 2022

#Includes ₹0.65 million as at 31 March 2022, which represents restricted bank balances in favour of Axis Bank as collateral security against bank guarantee given to MPCB. The amount of bank guarantee is ₹0.50 million.

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## Notes to the financial statements

## 15 Equity share capital

(₹ in million)

Particulars	As at	As at
	31 March 2022	31 March 2021
<b>Authorised</b>		
<b>Equity shares</b>		
3,800,000 (31 March 2021- 3,800,000) equity shares of ₹10 each	38.00	38.00
<b>Total</b>	<b>38.00</b>	<b>38.00</b>

## Issued, subscribed and fully paid-up shares

(₹ in million)

Particulars	As at	As at
	31 March 2022	31 March 2021
<b>Equity shares</b>		
2,800,000 (31 March 2021- 2,800,000) equity shares of ₹10 each, fully paid up	28.00	28.00
<b>Total</b>	<b>28.00</b>	<b>28.00</b>

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

(₹ in million)

Particulars	As at		As at	
	31 March 2022		31 March 2021	
	Number of shares	Amount	Number of shares	Amount
<b>Equity shares</b>				
At the beginning of the year	2,800,000	28.00	2,800,000	28.00
Issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>2,800,000</b>	<b>28.00</b>	<b>2,800,000</b>	<b>28.00</b>

## (b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of ₹10 each. All equity shares carry similar voting rights of 1:1 and similar dividend rights. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

## (c) Shares held by holding company:

Particulars	As at		As at	
	31 March 2022		31 March 2021	
	Number of shares	%	Number of shares	%
<b>Equity shares of ₹10 each fully paid up held by:</b>				
S.J.S Enterprises Limited	2,799,972	99.99%	-	-

## (d) Details of shareholders holding more than 5% shares of a class of shares in the Company: -

Particulars	As at		As at	
	31 March 2022		31 March 2021	
	Number of shares	% holding in the class	Number of shares	% holding in the class
<b>Equity shares of ₹10 each fully paid up held by:</b>				
S.J.S Enterprises Limited	2,799,972	99.99%	-	-
Exotech Exports and Investments Private Limited	-	-	1,400,000	50.00%
Mr. Umesh D. Kothari	-	-	700,000	25.00%
Mr. Rajiv D. Kothari	-	-	700,000	25.00%

(e) The Company has neither allotted any shares as fully paid up pursuant to contracts without payments being received in cash or by way of bonus shares nor bought back any shares for the period of five years immediately preceding 31 March 2022.

S.J.S. Enterprises Limited, a company incorporated under the Indian Companies Act, 1956 has purchased all the equity shares held by Exotech Exports and Investments Private Limited (14,00,000 equity shares), Mr. Umesh D. Kothari (7,00,000 equity shares) and Mr. Rajiv D. Kothari (7,00,000 equity shares) in the Company vide share purchase agreement dated 11 March 2021. Effective 5 April 2021, Exotech Plastics Private Limited has become wholly owned subsidiary of S.J.S. Enterprises Limited.

## (f) Details of shareholdings by the Promoter's of the Company: -

Particulars	As at		As at		% Change in the year
	31 March 2022		31 March 2021		
	Number of shares	% holding in the class	Number of shares	% holding in the class	
<b>Equity shares of ₹10 each fully paid up held by:</b>					
S.J.S Enterprises Limited	2,799,972	99.99%	-	-	99.99%
Exotech Exports and Investments Private Limited	-	-	1,400,000	50.00%	-50.00%
Mr. Umesh D. Kothari	-	-	700,000	25.00%	-25.00%
Mr. Rajiv D. Kothari	-	-	700,000	25.00%	-25.00%



## Notes to the financial statements

## 16 Other equity

(₹ in million)

Particulars	As at	As at
	31 March 2022	31 March 2021
Securities premium [Refer Note (a) below]	22.80	22.80
Retained earnings [Refer Note (b) below]	337.14	298.36
Other comprehensive income [Refer Note (c) below]	1.21	3.51
<b>Total</b>	<b>361.15</b>	<b>324.67</b>

## Nature and purpose of other reserves

## a) Securities premium :

Amounts received on issue of shares in excess of the par value has been classified as securities premium. The reserve can be utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.

(₹ in million)

Particulars	As at	As at
	31 March 2022	31 March 2021
Opening balance	22.80	22.80
Increase / (decrease) during the year	-	-
<b>Closing balance</b>	<b>22.80</b>	<b>22.80</b>

## b) Retained earnings :

Retained earnings comprises of prior and current year's undistributed earnings after tax.

(₹ in million)

Particulars	As at	As at
	31 March 2022	31 March 2021
Opening balance	298.36	246.30
Profit for the year	38.78	52.06
<b>Closing balance</b>	<b>337.14</b>	<b>298.36</b>

## c) Other comprehensive income:

Differences between the interest income on plan assets and the return actually achieved and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other equity' as other comprehensive income net of taxes.

(₹ in million)

Particulars	As at	As at
	31 March 2022	31 March 2021
Remeasurement of net defined benefit liability or asset	3.51	3.59
Opening balance	(2.30)	(0.08)
Increase / (decreased) during the year	1.21	3.51
<b>Closing balance</b>	<b>1.21</b>	<b>3.51</b>

## 17 Borrowings

(₹ in million)

Particulars	As at	As at
	31 March 2022	31 March 2021
<b>Non current</b>		
<i>Secured</i>		
Term loans		13.61
From others (refer Note (i) below)	-	
<i>Unsecured</i>		
From related parties (refer Note 36 and Note (ii) below)	20.00	-
	20.00	13.61
Less: current maturities of term loans	-	10.45
	20.00	3.16
<b>Total non-current borrowings</b>	<b>20.00</b>	<b>3.16</b>
<b>Current</b>		
<i>Secured loan</i>		
<i>From bank</i>		10.45
Current maturities of long term borrowings	-	
<i>From others</i>		
Bill discounting facility from bank (refer Note (iii) below)	48.88	35.77
<b>Total current borrowings</b>	<b>48.88</b>	<b>46.22</b>

## i) Rupee loan (Secured)

Term loan from Mahindra & Mahindra Financial Services Private Limited of ₹35.00 million carries an interest rate of 2.05% p.a over and above SBI's base rate. The interest rate for year ending 31 March 22 was 9.60% p.a. (31 March 2021: 9.35% p.a.) The loan is repayable in 48 monthly predetermined instalments which has commenced from 15 March 2018. The loan is secured by a) Demand Promissory Note for the entire loan along with the interest, b) All assets proposed to be funded for the Plating Plant and c) Cross collateralization of all machinery funded in the earlier term loan. During the year, the Company has repaid the loan.

## ii) Inter corporate loan from holding company (Unsecured):

The Company has availed inter corporate loan of ₹20.00 million carries an interest rate of 9.00% p.a. compounded quarterly from its holding company S.J.S. Enterprises Limited ("the lender"). The loan is repayable in 7 years in eight equal quarterly instalments starting from end of the 5th year from drawdown of first tranche.

## iii) Bill discounting facility from others

The Company has availed bill discounting facility (with recourse) from Mahindra & Mahindra Financial Services Limited (MMFSL). The interest charged by MMFSL is at a fixed rate of 10.00% p.a. and is repayable within 64 days of discounting.



Notes to the financial statements

17 Borrowings (continued)

- iv The Company has been sanctioned a cash credit facility from ICICI bank carrying interest rate (1-MCLR 6M + Spread 1.70%). These are secured by first and exclusive charge on the current assets (inventory and trade receivables) both present and future and on movable assets (except assets financed by Mahindra & Mahindra Financial Services Ltd. and vehicles) both present and future.
- v The Company is filing monthly statement of inventories, trade receivables and trade payables for cash credit facility and working capital loan (utilised as at balance sheet date). The below is summary of quarterly reconciliation of statement filed to the banks and books of accounts :

(₹ in million)

Name of bank	Quarter ended	Particulars	Amount as per books of account	Amount as reported in the quarterly return/statement	Amount of difference	Reason for material discrepancy
ICICI Bank	31 March 2022	Inventory	135.90	135.30	0.60	Goods in transit not adjusted.
		Trade receivables	271.29	228.94	42.35	Bill discounted against the trade receivable.
		Trade payables	165.47	157.17	8.30	Expense payable and capital creditors not adjusted.
ICICI Bank	31 December 2021	Inventory	122.31	121.72	0.59	Goods in transit not adjusted.
		Trade receivables	214.05	187.26	26.79	Bill discounted against the trade receivable.
		Trade payables	121.28	110.44	10.84	Expense payable and capital creditors not adjusted.
ICICI Bank	30 September 2021	Inventory	113.76	113.17	0.59	Goods in transit not adjusted.
		Trade receivables	217.56	192.18	25.38	Bill discounted against the trade receivable.
		Trade payables	143.50	125.90	17.60	Expense payable, advance to supplier and capital creditors not adjusted.
ICICI Bank	30 June 2021	Inventory	122.93	117.27	5.66	Goods in transit not adjusted.
		Trade receivables	156.64	128.24	28.40	Bill discounted against the trade receivable.
		Trade payables	96.56	75.44	21.12	Expense payable, advance to supplier and capital creditors not adjusted.

18 Trade payables

(₹ in million)

Particulars	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises (refer Note (ii) below)	84.65	3.34
Total outstanding dues of creditors other than micro enterprises and small enterprises	80.82	145.27
<b>Total</b>	<b>165.47</b>	<b>148.61</b>



Notes to the financial statements

18 Trade payables (continued)

Terms and conditions of above trade payables:

- (i) For explanation of company's credit risk management - refer Note 33  
 (ii) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006)

Particulars	(₹ in million)	
	As at 31 March 2022	As at 31 March 2021
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:	84.65	3.34
- Principal	-	-
- Interest	-	-
(b) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year:	-	-
- Principal	-	-
- Interest	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-

(iv) Ageing for trade payable from the due date of payment for each of the category is as follows:

Particulars	Unbilled payable	Outstanding for following periods from due date of payment					Total
		Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>31 March 2022</b>							
Micro enterprises and small enterprises	-	80.08	4.57	-	-	-	84.65
Creditors other than micro enterprises and small enterprises	10.12	57.96	11.59	1.10	-	0.05	80.82
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>10.12</b>	<b>138.04</b>	<b>16.16</b>	<b>1.10</b>	<b>-</b>	<b>0.05</b>	<b>165.47</b>
<b>31 March 2021</b>							
Micro enterprises and small enterprises	-	3.34	-	-	-	-	3.34
Creditors other than micro enterprises and small enterprises	8.31	89.45	47.44	0.02	0.05	-	145.27
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>8.31</b>	<b>92.79</b>	<b>47.44</b>	<b>0.02</b>	<b>0.05</b>	<b>-</b>	<b>148.61</b>

19 Other financial liabilities

Particulars	(₹ in million)	
	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>	0.12	-
Interest accrued but not due on borrowings (refer Note 36)	0.12	-
<b>Current</b>		0.05
<b>Interest accrued</b>		0.05
Interest accrued but not due on borrowings		0.05
<b>Others</b>	10.27	9.59
Payable to employees	1.77	1.17
Capital creditors	0.56	-
Discount payable	0.15	0.38
<b>Other liabilities</b>	<b>12.75</b>	<b>11.19</b>
<b>Total</b>	<b>12.75</b>	<b>11.19</b>

Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 34.



## Notes to the financial statements

## 20 Provisions

(` in million)

Particulars	As at	
	31 March 2022	31 March 2021
<b>Current</b>		
Provision for employee benefits	3.95	0.10
Provision for gratuity (refer Note 39)	4.03	3.10
Provision for compensated absence		
<b>Others</b>	0.88	1.77
Provision for sales return	0.95	-
Provision for goods and service tax (refer Note (a) below)	-	0.91
Provision for corporate social responsibility	9.81	5.88
<b>Total</b>		

## Movement in other provisions for the year ended 31 March 2022

(` in million)

Particulars	As at	Provision made during the year	Provision utilised during the year	Provision reversed during the year	As at
	1 April 2021				31 March 2022
Provision for sales return	1.77	0.88	-	(1.77)	0.88
Provision for goods and service tax	-	0.95	-	-	0.95
Provision for corporate social responsibility	0.91	-	(0.91)	-	-
<b>Total</b>	<b>2.68</b>	<b>2.39</b>	<b>(0.91)</b>	<b>(1.77)</b>	<b>2.39</b>

## Movement in other provisions for the year ended 31 March 2021

(` in million)

Particulars	As at	Provision made during the year	Provision utilised during the year	Provision reversed during the year	As at
	1 April 2020				31 March 2021
Provision for sales return	-	1.77	-	-	1.77
Provision for corporate social responsibility	-	0.91	-	-	0.91
<b>Total</b>	<b>-</b>	<b>2.68</b>	<b>-</b>	<b>-</b>	<b>2.68</b>

- a) During the year ended 31 March 2022, the Company has received an Intimation of Liability u/s 74(5) of CGST Act, 2017 amounting to ₹10.61 million, including penalty, with regards to ineligible input tax credit availed against tax invoices issued by M/s V Accurate Management Services Private Limited during the period July 2017 to December 2018. The Company has been legally advised that the Company has a good case on merit as it has genuinely availed the services and paid GST to the vendor. However, as a matter of prudence, the Company has made a provision amounting to ₹9.23 million during the year as per note 10 and note 20 and disclosed the amount of penalty of ₹1.38 million as Contingent Liability in note 3b.

## 21 Other liabilities

(` in million)

Particulars	As at	
	31 March 2022	31 March 2021
<b>Current</b>		
Statutory liabilities	8.93	13.18
Advance received from customers	15.22	32.83
<b>Total</b>	<b>24.15</b>	<b>46.01</b>

## 22 Leases

The Company has recognised right-of-use assets and lease liabilities as below

(` in million)

Particulars	As at	
	31 March 2022	31 March 2021
Right of use assets – land	114.56	127.06
Lease liabilities		
Non-current	140.75	151.32
Current	27.76	27.76

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at date of commencement of lease. The weighted-average rate considered is 10% p.a.

Right-of-use assets: The details of the right-of-use asset held by the Company is as follows:

(` in million)

Particulars	As at	
	31 March 2022	31 March 2021
Opening balance	127.06	139.56
Depreciation charge for the year	(12.50)	(12.50)
<b>Closing balance</b>	<b>114.56</b>	<b>127.06</b>

The Company has a warehouse on lease with contract terms of less than one year. This lease is classified as short-term. The Company has elected not to recognise right-of-use assets and lease liabilities for this lease.

Amounts recognised in statement of profit and loss:

(` in million)

Particulars	As at	
	31 March 2022	31 March 2021
Interest on lease liabilities	17.20	18.20
Depreciation of right-of-use assets	12.50	12.50
Expenses relating to short-term leases	1.54	1.12
<b>Other income - Finance income</b>	<b>(0.55)</b>	<b>(0.55)</b>
<b>Total</b>	<b>30.69</b>	<b>31.27</b>

Amounts recognised in statement of cashflows:

The cash outflow for leases is ₹27.77 million (31 March 2021: ₹27.76 million). The Company has not made any non-cash additions to right-of-use assets and lease liabilities

During the year, for lease including cash outflow of short-term leases and leases of low-value assets, the Company had a cash outflow of ₹1.54 million (31 March 2021: ₹1.12 million).

The table below provides details regarding the undiscounted contractual maturities of lease liabilities as at 31 March 2022 and 31 March 2021

(` in million)

Particulars	As at	
	31 March 2022	31 March 2021
Less than one year	27.76	27.76
one to five years	138.82	138.83
more than five years	90.23	117.99
<b>Total</b>	<b>256.81</b>	<b>284.58</b>



Notes to the financial statements

23 Revenue From Operations

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from contract with customers	1,019.47	684.76
Sale of products		
Other operating revenue	0.77	0.50
Scrap sales		
<b>Total revenue from operations</b>	<b>1,020.24</b>	<b>685.26</b>

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue as per contract price	1,034.07	686.44
Addition / reduction towards discount (net)	(2.61)	(1.68)
Adjustment / reduction towards sales return (net)	(11.99)	-
<b>Revenue from contract with customers</b>	<b>1,019.47</b>	<b>684.76</b>

Contract balances

Particulars	(₹ in million)	
	As at 31 March 2022	As at 31 March 2021
Trade receivables (including Unbilled)	271.29	225.16
Advance from customers	(15.22)	32.83

24 Other Income

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income:		
on deposits with bank	2.72	1.01
on others	0.65	0.83
Income from government grant	3.86	1.54
Rental income	-	3.46
Profit on sale of investment property	-	53.83
Gain on de-recognition of financial asset	-	2.18
Profit on sale of property plant and equipment, net	0.62	-
Miscellaneous income	0.39	1.30
<b>Total</b>	<b>8.24</b>	<b>64.15</b>

25 Cost of raw material consumed

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Inventory of materials at the beginning of the year	28.34	19.44
Add: Purchases	602.14	392.16
Less: Inventory of materials at the end of the year	31.14	28.34
<b>Total</b>	<b>599.34</b>	<b>383.26</b>

26 Changes in inventory of finished goods and work-in-progress

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening stock	23.15	19.74
Finished goods	61.01	55.07
Work-in-progress	84.16	74.81
Closing Stock	24.88	23.15
Finished goods	79.88	61.01
Work-in-progress	104.76	84.16
<b>Changes in inventory of finished goods and work-in-progress</b>	<b>(20.60)</b>	<b>(9.35)</b>

27 Employee benefits expense

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	89.60	72.96
Contribution to provident fund, gratuity and other funds (refer Note 39)	4.97	4.57
Staff welfare expenses	6.72	4.68
<b>Total</b>	<b>101.29</b>	<b>82.21</b>



## Notes to the financial statements

## 28 Finance Costs

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expense on:		
Borrowings	7.92	4.25
Income tax	-	0.60
Lease liabilities	17.20	18.20
Statutory dues	0.66	0.53
Other borrowing costs	0.32	0.36
<b>Total</b>	<b>25.50</b>	<b>23.94</b>

## 29 Depreciation and amortisation expense

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of property, plant and equipment (refer Note 3)	39.12	35.43
Amortisation of intangible assets (refer Note 5)	0.09	0.02
Depreciation of investment property (refer Note 4)	-	0.38
Depreciation of right of use assets (refer Note 22)	12.50	12.50
<b>Total</b>	<b>51.71</b>	<b>48.33</b>

## 30 Other expenses

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Consumption of stores, spare and other supplies	21.92	15.82
Power and fuel	38.12	30.02
Communication	0.99	0.83
Housekeeping charges	5.22	4.95
Legal and professional (refer Note (i) below)	8.75	5.67
Rent	1.54	1.12
Repairs and maintenance		
- plant and machinery	15.88	9.46
- building	-	0.06
- others	3.88	3.92
Insurance	2.22	2.08
Bank Charges	0.13	-
Rates and taxes	0.81	3.16
Net loss on foreign currency transactions	0.02	0.05
Carriage outward (net)	15.27	9.36
Subcontracting charges	50.68	37.35
Job work charges	19.51	14.69
Bad debts written-off	0.08	0.16
Loss allowances on financial assets, net	(0.35)	0.12
Provision for doubtful advances and receivables	9.23	-
Travel and conveyance	15.30	11.66
Corporate social responsibility (refer Note 37)	2.62	0.91
Miscellaneous	4.57	3.55
<b>Total</b>	<b>216.40</b>	<b>154.94</b>

## (i) Payment to auditors:

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Audit fee	1.35	1.10
Tax audit fee	0.15	0.20
Other Services	-	0.50
Reimbursement of expenses	0.04	-
<b>Total</b>	<b>1.54</b>	<b>1.80</b>

## 31 Income tax

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>a) Amount recognised in the statement of profit or loss</b>		
Current tax	24.27	13.81
Deferred tax (credit) / charge	(8.21)	0.21
<b>Income tax expense reported in the statement of profit or loss</b>	<b>16.06</b>	<b>14.02</b>
<b>b) Income tax recognised in other comprehensive income</b>		
On re-measurement of defined benefit obligation	0.89	0.04
<b>Income tax charges to OCI</b>	<b>0.89</b>	<b>0.04</b>



## Notes to the financial statements

## 31 Income tax (continued)

## c) Reconciliation of tax expense and tax based on accounting profit:

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Accounting profit before income tax expense	54.84	66.08
Tax at company's domestic tax rate of 27.82% (31 March 2021: 27.82%)	15.26	18.38
<i>Tax effect of:</i>		
Expenditure for which deduction is not allowed under Income Tax Act, 1961	0.80	0.17
LTCG at differential rate	-	(1.91)
Tax effect of indexation of capitalisation	-	(0.57)
Due to change in estimate	-	(1.87)
Tax pertaining to earlier years	-	0.32
Others	-	(0.50)
<b>Income tax expense</b>	<b>16.06</b>	<b>14.02</b>

## d) Deferred tax

For the year ended 31 March 2022

Particulars	(₹ in million)			
	As at 01 April 2021	Recognised in Other Comprehensive Income	Recognised in Statement of Profit and Loss	As at 31 March 2022
<b>Deferred tax assets</b>				
Provision for gratuity	0.03	0.89	0.18	1.10
Provision for compensated absences	0.86	-	0.26	1.12
Provision for bonus	-	-	0.25	0.25
Provision for discount	-	-	0.16	0.16
Financial asset, carried at amortised cost	2.30	-	(0.15)	2.15
Lease liability	49.82	-	(2.94)	46.88
Provision for sales returns	0.49	-	(0.25)	0.24
Loss allowances on financial assets, net	0.65	-	(0.10)	0.55
Provision for doubtful advances and receivables	-	-	2.57	2.57
	<b>54.15</b>	<b>0.89</b>	<b>(0.02)</b>	<b>55.02</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment and intangible assets	12.26	-	(4.75)	7.51
Right-of-use assets	35.35	-	(3.48)	31.87
	<b>47.61</b>	<b>-</b>	<b>(8.23)</b>	<b>39.38</b>
<b>Deferred tax asset, net</b>	<b>6.54</b>	<b>0.89</b>	<b>8.21</b>	<b>15.64</b>

For the year ended 31 March 2021

Particulars	(₹ in million)			
	As at 01 April 2020	Recognised in Other Comprehensive Income	Recognised in Statement of Profit and Loss	As at 31 March 2021
<b>Deferred tax assets</b>				
Provision for gratuity	0.72	0.04	(0.73)	0.03
Provision for compensated absences	0.80	-	0.06	0.86
Provision for bonus	0.23	-	(0.23)	-
Provision for commission	2.30	-	(2.30)	-
Financial asset, carried at amortised cost	3.06	-	(0.76)	2.30
Lease liability	52.48	-	(2.66)	49.82
Provision for sales returns	-	-	0.49	0.49
Loss allowances on financial assets, net	0.61	-	0.04	0.65
	<b>60.20</b>	<b>0.04</b>	<b>(6.09)</b>	<b>54.15</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment and intangible assets	14.66	-	(2.40)	12.26
Right-of-use assets	38.83	-	(3.48)	35.35
	<b>53.49</b>	<b>-</b>	<b>(5.88)</b>	<b>47.61</b>
<b>Deferred tax asset, net</b>	<b>6.71</b>	<b>0.04</b>	<b>(0.21)</b>	<b>6.54</b>

## 32 Earnings per share ['EPS']

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	(₹ in million, except per equity share data)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Reconciliation of earnings</b>		
Profit after tax attributable to equity holders of the Company (a)	38.78	52.06
<b>Reconciliation of basic and diluted shares used in computing earnings per share :</b>		
Weighted average number of shares outstanding during the year for basic and diluted EPS (b)	2,800,000	2,800,000
<b>Earnings per share :</b>		
Basic and Diluted Earning per share (in₹) (a/b)	13.85	18.59



Notes to the financial statements

33 Financial instruments - fair values and risk management

Accounting classification and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities including their level of fair value hierarchy

Fair value hierarchy

The section explains the judgement and estimates made in determining the fair values of the financial instruments that are:

- a) recognised and measured at fair value
- b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard.

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2022.

Particulars	Fair Value				Total
	Carrying Amount 31 March 2022	Level 1	Level 2	Level 3	
(₹ in million)					
<b>Financial assets measured at amortised cost</b>					
Loans	0.79	-	-	-	-
Trade receivables	271.29	-	-	-	-
Cash and cash equivalents	111.42	-	-	-	-
Bank balance other than cash and cash equivalents	14.21	-	-	-	-
Other financial assets (non-current and current)	10.79	-	-	-	-
<b>Total financial assets</b>	<b>408.50</b>	-	-	-	-
<b>Financial liabilities measured at amortised cost</b>					
Lease liabilities	168.51	-	-	-	-
Borrowings (current and non - current)	68.88	-	-	-	-
Trade payables	165.47	-	-	-	-
Other financial liabilities (non-current and current)	12.87	-	-	-	-
<b>Total financial liabilities</b>	<b>415.73</b>	-	-	-	-

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2021.

Particulars	Fair Value				Total
	Carrying Amount 31 March 2021	Level 1	Level 2	Level 3	
(₹ in million)					
<b>Financial assets measured at amortised cost</b>					
Loans	0.55	-	-	-	-
Trade receivables	225.16	-	-	-	-
Cash and cash equivalents	111.23	-	-	-	-
Bank balance other than cash and cash equivalents	13.60	-	-	-	-
Other financial assets (non-current and current)	10.25	-	-	-	-
<b>Total financial assets</b>	<b>360.79</b>	-	-	-	-
<b>Financial liabilities measured at amortised cost</b>					
Lease liabilities	179.08	-	-	-	-
Borrowings (current and non - current)	49.38	-	-	-	-
Trade payables	148.61	-	-	-	-
Other financial liabilities (non-current and current)	11.19	-	-	-	-
<b>Total financial liabilities</b>	<b>388.26</b>	-	-	-	-

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. This includes investment in mutual funds. The fair values of investments in units of mutual fund are based on the Net Asset Value (NAV) as per the fund statement.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Fair valuation method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values. Investments in mutual funds carried at fair value are generally based on the Net Asset Value (NAV) as per the fund statement at the reporting date.

Financial assets:

The Company has not disclosed the fair values for loans, trade receivables, cash and cash equivalents including other bank balances and other financial assets because their carrying amounts are a reasonable approximation of their fair value.

Financial liabilities:

**Borrowing:** It includes term loans, bill discounting facilities and inter corporate loan. Borrowings are classified and subsequently measured in the financial statements at amortised cost. Considering that the interest rate on loans is reset on yearly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

**Trade payables and other financial liabilities:** Fair values of trade payables and other financial liabilities are measured at balance sheet date value, as most of them are satisfied within a short period and so their fair values are assumed almost equal to balance sheet date values.



Notes to the financial statements

34 Financial Risk Management

The Company's activities expose to a variety of financial risks: credit risk, liquidity risk and market risk.

**Risk management**

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by the internal auditor. Internal Audit function includes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(i) Credit Risk

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represents the maximum credit exposure.

**Trade and other receivables**

The maximum exposure to credit risk at the reporting date is primarily from trade receivables. However, the management also considers the factors that may influence the credit risk of its customer base. Customers of the Company are spread across diverse industries and geographical areas. The Company limits its exposure to credit risk from trade receivables by establishing a maximum credit period and takes appropriate measures to mitigate the risk of financial loss from defaults. Recurring credit evaluation of credit worthiness is performed based on the financial condition of respective customer

Expected credit loss assessment for trade receivables as at 31 March 2022 and 31 March 2021 are as follows:

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables as at 31 March 2022 amounting to ₹271.29 million (31 March 2021 ₹225.16 million). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows.

Particulars	₹ in million	
	As at 31 March 2022	As at 31 March 2021
Balance as at the beginning of the year	(2.32)	(2.20)
Net measurement of loss allowance	0.33	(0.12)
<b>Balance as at the end of the year</b>	<b>(1.99)</b>	<b>(2.32)</b>

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

As at 31 March 2022	₹ in million		
	Gross carrying amount	Weighted average loss rate	Loss allowance
Current (not past due)	223.07	0.47%	1.05
0-90 days	44.11	0.43%	0.19
91-180 days	4.65	2.37%	0.11
181-270 days	0.80	18.46%	0.07
271-365 days	0.20	43.88%	0.12
> 365 days	0.45	100.00%	0.45
<b>Balance as at the end of the year</b>	<b>273.28</b>		<b>1.99</b>

As at 31 March 2021	₹ in million		
	Gross carrying amount	Weighted average loss rate	Loss allowance
Current (not past due)	113.29	0.49%	0.51
0-90 days	91.42	0.60%	0.55
91-180 days	19.50	3.57%	0.70
181-270 days	2.96	9.17%	0.27
271-365 days	0.03	38.02%	0.01
> 365 days	0.28	100.00%	0.28
<b>Balance as at the end of the year</b>	<b>227.48</b>		<b>2.32</b>

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management monitors rolling forecast of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out by the management in accordance with practice and limits set by the Company.

In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**Financing arrangement:**

The Company maintains the following line of credit:

The Company has availed inter corporate loan of ₹20.00 million carries an interest rate of 9.00% p.a. compounded quarterly from its holding company SJS Enterprises Limited ("the lender"). The loan is repayable in 7 years in eight equal quarterly instalments starting from end of the 5th year from drawdown of first tranche.

The Company has availed bill discounting facility (with recourse) from Mahindra & Mahindra Financial Services Limited (MMFSL). The interest charged by MMFSL is at a fixed rate of 10.00% p.a. and is repayable within 64 days of discounting.



Notes to the financial statements

34 Financial Risk Management (continued)

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2022 and 31 March 2021. The amounts are gross and undiscounted contractual cash flow includes contractual interest payment and excludes netting arrangements.

As at 31 March 2022

Particulars	Contractual cash flows				
	Carrying Amount	Total	0-1 year	1-3 years	3 years and above
Borrowings	68.88	68.88	48.88	-	20.00
Lease liabilities	168.51	256.81	27.76	83.29	145.76
Trade payables	165.47	165.47	165.47	-	-
Other financial liabilities	12.87	12.87	12.75	-	0.12

As at 31 March 2021

Particulars	Contractual cash flows				
	Carrying Amount	Total	0-1 year	1-3 years	3 years and above
Borrowings	49.38	49.38	46.22	3.16	-
Lease liabilities	284.57	284.57	27.76	83.29	173.52
Trade payables	148.61	148.61	148.61	-	-
Other financial liabilities	11.19	11.19	11.19	-	-

(iii) 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, currency risk and equity price risk as discussed below:

A) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currency of the Company. The functional currency of the Company is primarily ₹. The currencies in which these transactions are primarily denominated are USD, EUR etc.

Management monitors the movement in foreign currency and the Company's exposure in each of the foreign currency. Based on the analysis and study of movement in foreign currency, the Company decides to exchange its foreign currency.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to management is as follows:

Particulars	Currency	As at 31 March 2022		As at 31 March 2021	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
		Trade payables	USD	-	-
	EURO*	-	0.08	-	0.09

\* The amount's are less than ₹0.01 million and hence disclosed as (-)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD and EURO against INR at 31 March 2022 and 31 March 2021 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2022				
EURO (1% movement)*	-	-	-	-
31 March 2021				
USD (1% movement)	(0.02)	0.02	(0.01)	0.01
EURO (1% movement)*	-	-	-	-

\* The amount's are less than ₹0.01 million / €0.01 million and hence disclosed as (-)

B) Interest rate risk

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

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's policy is to borrow funds at fixed and floating rate of interest.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
	Increase in 50 basis points	-
Decrease in 50 basis points	-	(0.01)



## Notes to the financial statements

## 35 Capital management

The Company's policy is to maintain stable and strong capital base structure with a focus on total equity so as to maintain investor, creditor and market confidence and to sustain future development and growth of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value and safeguard its ability to continue as a going concern.

The Company monitors capital using a ratio of 'adjusted net debt' to equity'. For the purpose of Company's capital management, adjusted net debt is defined as borrowings less cash and cash equivalent, bank balance other than cash and cash equivalents and current investments and total equity includes issued capital and all other equity reserves.

The Company's adjusted net debt equity ratio are as follows:

Particulars	(₹ in million)	
	As at 31 March 2022	As at 31 March 2021
Borrowings (current and non-current)	68.88	49.38
Less - Cash and cash equivalent and other bank balances	125.63	124.83
<b>Adjusted net debt</b>	<b>(56.75)</b>	<b>(75.45)</b>
Total equity	389.15	352.67
<b>Net Debt to Equity Ratio</b>	-	-

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2022 and 31 March 2021

## 36 Related Party Disclosure

(i) Name of related parties and description of relationship:

<b>Holding company</b>	1. S.J.S. Enterprises Limited (w.e.f. 5 April 2021)
<b>Key management personnel (KMP)</b>	1. Mr. Rajiv D Kothari (Managing Director upto 5 April 2021) 2. Mr. Umesh D Kothari (Director upto 5 April 2021) 3. Mr. K A Joseph (Director w.e.f. 5 April 2021) 4. Mr. Sanjay Thapar (Director w.e.f. 5 April 2021) 5. Mr. Vishal Sharma (Director w.e.f. 5 April 2021)
<b>Transaction with the parties in which directors are interested</b>	1. Voss Automotive India Private Limited (upto 5 April 2021)

(ii) The following table is the summary of significant transactions with related parties by the Company:

Particulars	Type of transaction	(₹ in million)	
		For the year ended 31 March 2022	For the year ended 31 March 2021
S.J.S. Enterprises Limited	Inter-corporate loan taken	20.00	-
S.J.S. Enterprises Limited	Purchase of goods	0.53	-
S.J.S. Enterprises Limited	Purchase of property, plant and equipment	0.37	-
S.J.S. Enterprises Limited	Interest income	0.14	-
S.J.S. Enterprises Limited	Reimbursement of expenses by the company	0.06	-
Mr. Rajiv D Kothari	Commission	-	1.75
Mr. Rajiv D Kothari	Sale of investment property	-	29.10
Mr. Umesh D. Kothari	Sale of investment property	-	29.10
Voss Automotive India Private Limited	Sale of products	-	2.00
Voss Automotive India Private Limited	Rent Income	-	3.40

(iii) Compensation of Key Management Personnel ('KMP')\*

Particulars	(₹ in million)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Mr. Rajiv D Kothari	-	5.20

## Terms and conditions

(iv) Balance receivable from and payable to related parties as at the balance sheet date:

Particulars	Type of transaction	(₹ in million)	
		As at 31 March 2022	As at 31 March 2021
S.J.S. Enterprises Limited	Inter-corporate loan	20.00	-
S.J.S. Enterprises Limited	Trade payable	0.27	-
S.J.S. Enterprises Limited	Interest payable	0.12	-
Voss Automotive India Private Limited	Trade payable	-	1.03

\*As the liability for gratuity and compensated leave absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors are not included above.

## Terms and conditions

All transactions with these related parties are at arm's length basis.



Notes to the financial statements

37 Corporate Social Responsibility ('CSR') expenditure

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Amount required to be spent by the Company during the year, #	1.39	0.91
Amount spent during the year	1.37	-
- construction / acquisition of any asset	-	-
- on purpose other than above	-	-
Shortfall at the end of the year	0.02	0.91
Amount spent on account of previous year shortfall	-	-
- construction / acquisition of any asset	2.16	-
- on purpose other than above	-	-
Total of previous years shortfall	-	0.91
Transaction with the related party	Nil	Nil
Movements in provisions	NA	NA
Nature of CSR activity	Promoting education and Rural development	

# The amount required to be spent by the group for year ended 31 March 2022 is ₹1.39 million (31 March 2021: ₹0.91 million) and the short spent will be determined at the end of the financial year.

38 Commitments and Contingent Liabilities

(₹ in million)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>i) Capital Commitments</b>		
Estimated amounts of contracts remaining to executed on capital account and not provided for	31.99	2.98
<b>ii) Contingent liabilities</b>		
Bank guarantee	1.25	-
Goods and services tax [refer Note (a) below]	1.38	8.28

(a) The above amounts have been arrived at based on the notice of demand or the assessment orders, as the case may be, and the Company is contesting these claims with the respective authorities. Outflows including interest and other consequential payments, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the judiciary. The Company doesn't expect any reimbursements in respect of the above contingent liabilities.

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## Notes to the financial statements

## 39 Assets and liabilities relating to employee benefits

(₹ in million)

Particulars	As at	As at
	31 March 2022	31 March 2021
Liability for gratuity	23.49	18.47
Plan assets for gratuity	19.54	18.37
<b>Total employee benefit liabilities</b>	<b>3.95</b>	<b>0.10</b>
Non-current	-	-
Current	3.95	0.10

The Company operates the following post-employment defined benefit plan

## (a) Defined benefit plans (funded):

The Company operates post-employment defined benefit plan that provide gratuity, governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employees last drawn salary per month computed proportionately for 15 days salary multiplied for the number of years of service or part thereof in excess of six months. The gratuity plan is a funded plan. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

## A. Funding

Company's gratuity scheme for employees is administered through a trust fund with the LIC of India. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in (E). Employees do not contribute to the plan.

## B. Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined assets / liability and its components

## Reconciliation of present value of the defined benefit asset

(₹ in million)

Particulars	As at	As at
	31 March 2022	31 March 2021
Obligation at the beginning of the year	18.47	16.98
Current service cost	1.19	1.15
Interest cost	1.16	1.09
Benefits paid	(0.60)	(0.84)
Actuarial gain / (losses) on obligations recognised in Other Comprehensive Income (OCI)		
Changes in financial assumption	2.45	0.95
Experience adjustment	0.82	(0.86)
<b>Obligation at the end of the year</b>	<b>23.49</b>	<b>18.47</b>
Reconciliation of present value of the plan assets		
Plan assets at the beginning of the year	18.37	14.36
Interest income on plan assets	1.17	1.05
Contributions	0.70	3.41
Mortality charges and taxes	(0.09)	(0.11)
Benefits paid	(0.69)	(0.31)
Return on plan assets excluding interest income recognised in OCI	0.08	(0.03)
<b>Plan assets at the end of the year at fair value</b>	<b>19.54</b>	<b>18.37</b>
<b>Net defined benefit liabilities</b>	<b>3.95</b>	<b>0.10</b>

## C. (i) Expense recognised in the statement of profit or loss

(₹ in million)

Particulars	For the year ended	For the year ended
	31 March 2022	31 March 2021
Current service cost	1.19	1.15
Interest cost	1.16	1.09
Interest Income	(1.17)	(1.05)
Mortality charges and taxes	0.09	0.11
<b>Net gratuity cost</b>	<b>1.27</b>	<b>1.30</b>

## (ii) Remeasurement recognised in other comprehensive expense

(₹ in million)

Particulars	For the year ended	For the year ended
	31 March 2022	31 March 2021
Actuarial loss on defined benefit obligation	3.27	0.09
Return on plan assets, excluding interest income	(0.08)	0.03
<b>Total</b>	<b>3.19</b>	<b>0.12</b>

## D. Plan assets

(₹ in million)

Particulars	As at	As at
	31 March 2022	31 March 2021
Insurance fund	19.54	18.37
<b>Total</b>	<b>19.54</b>	<b>18.37</b>



## Notes to the financial statements

## 39 Assets and liabilities relating to employee benefits (continued)

## E. Defined benefit obligation

## (i) Actuarial Assumption:

Particulars	As at	As at
	31 March 2022	31 March 2021
Rate of return on plan assets	6.40%	6.60%
Discounting rate	6.80%	6.40%
Future salary growth	9.00%	6.00%
Attrition rate	12.00%	12.00%
Weighted average duration of Defined benefit obligation (in years)	6.84	6.26
Retirement age	58 Years	58 Years

## Notes:

- (i) The discount rate is based on the prevailing market yield on Governmental Securities as at the balance sheet date for the estimate defined obligations.
- (ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risk of asset management historical results of the return on plan assets and the Company's policy for plan asset management.
- (iii) The estimate of future salary increases considered in actuarial valuation takes in to account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

## (ii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	As at	As at
	31 March 2022	31 March 2021
Projected benefit obligation on Current assumption	23.49	18.47
Impact of change in discount rate by +1%	(1.22)	(0.92)
Impact of change in discount rate by -1%	1.35	1.02
Impact of change in salary rate by +1%	1.11	0.84
Impact of change in salary rate by -1%	(1.02)	(0.76)
Impact of change in employee turnover rate by +1%	(0.12)	0.02
Impact of change in employee turnover rate by -1%	0.14	(0.01)

## F. Maturity profile of defined benefit obligation

The Defined benefit obligation shall mature after the year ended 31 March 2022 as follows:

Particulars	As at
	31 March 2022
Year ended:	
31 March 2023	4.97
31 March 2024	2.43
31 March 2025	3.29
31 March 2026	3.18
31 March 2027	2.55
After 31 March 2027	16.51

## (b) Defined contribution plan:

The Company makes contributions for qualifying employees to Provident Fund and other defined contribution plans. During the year, the Company recognised ₹3.66 million (31 March 2021: ₹3.12 million) towards Provident Fund and ₹0.05 million (31 March 2021: ₹0.03 million) towards Employee State Insurance Corporation.

- 40 The Company is engaged in the manufacturing of automobile components. The Board of Directors being the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. All operating segments' operating results are reviewed regularly by CODM to make decisions about resources to be allocated to the segments and assess their performance. CODM believes that these are governed by same set of risks and returns hence, CODM reviews them as one balance sheet component. Further, the economic environment in which the company operates is significantly similar and not subject to materially different risk and rewards. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and net profit of the sole reportable segment.

## A Geographical information

The company operates in a single geographical location. The company derives all its revenue from India, further all the non-current assets other than financial instruments are located in India.

## B Major customer

Following is the breakup of customer individually accounted for more than 10% of the revenue from external customers during the year ended 31 March 2022 and 31 March 2021.

Particulars	For the year ended	For the year ended
	31 March 2022	31 March 2021
Customer A	450.26	129.89
Customer B	205.19	109.88
Customer C	102.19	-



## Notes to the financial statements

## 41 Financial ratios

Particulars	Numerator	Denominator	For the year ended 31 March 2022	For the year ended 31 March 2021	Variance (%)
Current ratio (in times)	Total current assets	Total current liabilities	1.89	1.68	12.50%
Debt – equity ratio (in times)	Debt, consisting of borrowing and lease liabilities	Total equity	0.61	0.65	-6.15%
Debt service coverage ratio (in times)	Earnings available for debt service	Debt service	2.51	3.27	-23.24%
Return on equity (in %)	Net profits for the year – Preference dividend (if any)	Average total equity	9.97%	14.76%	-4.79%
Inventory turnover ratio (in times) *	Cost of goods sold	Average inventory	4.66	3.62	28.73%
Trade receivables turnover ratio (in times) #	Revenue from operations	Average trade receivables	4.11	3.23	27.24%
Trade payables turnover ratio (in times)	Net credit purchases	Average trade payables	3.83	3.23	18.58%
Net capital turnover ratio (in times)	Revenue from operations	Working capital	3.96	3.42	15.79%
Net profit ratio (in %)	Net profit for the year	Revenue from operations	3.80%	7.60%	-3.80%
Return on capital employed (in %)	Profit before finance cost and taxes	Capital employed	12.82%	15.49%	-2.67%

Earnings available for debt service = Net profit after taxes + Non-cash operating expenses + Finance cost + other non cash adjustments

Debt service = Interest and lease Payments + Principal repayments

Working capital = Total current assets less total current liabilities

Capital employed = Tangible net worth + Lease liability + Deferred tax liability

The Company has not made any investments during the year ended 31 March 2022 and 31 March 2021, hence ratio of return on investments not given

\* Variation is mainly because of proportion of increase in cost of goods sold is more than increase in average inventory

# Variation is primarily due to increase in turnover

- 42 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

## 43 Note on "Code on Social Security, 2020"

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment had released draft rules for the Code on Social Security, 2020 on 13 November 2020, and invited suggestions from stakeholders which are under consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified. The Company will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

## 44 Other statutory information :

- The Company does not have any Benami property or any proceeding is pending against the Company for holding any Benami property
- The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period
- The Company has not traded or invested in crypto currency or virtual currency during the financial year
- The Company is not classified as wilful defaulter.
- The Company doesn't have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 such as search or survey
- The Company did not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956
- The Company does not have any investment property during the financial year
- The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), during the financial year which are repayable on demand or without specifying any terms or period of repayment

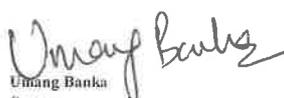
## 45 Events after reporting period

There have been no material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended 31 March 2022

- 46 Previous year's figures have been regrouped / reclassified wherever necessary to confirm with amendment in Schedule III to the Companies Act 2013, issued by Ministry of Corporate Affairs vide notification dated 24 March 2021.

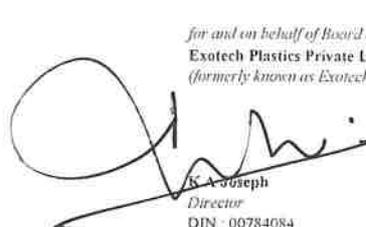
As per our report of even date attached

for BSR & Co. LLP  
Chartered Accountants  
Firm's registration number: 101248W/W-100022

  
Umang Banka  
Partner

Membership number: 223018  
Place: Bengaluru  
Date: 26 May 2022

for and on behalf of Board of Directors of  
Exotech Plastics Private Limited  
(formerly known as Exotech Zanini Industries Private Limited)

  
K. A. Joseph  
Director  
DIN: 00784084  
Place: Bengaluru  
Date: 26 May 2022

  
Saajay Thakur  
Director  
DIN: 01029851  
Place: Pune  
Date: 26 May 2022