NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

EICL Limited, a Company incorporated in India in 1963, under the Companies Act 1956, was part of the erstwhile Thapar Group. The registered office of the Company is at TC-79/4, Veli Thiruvananthapuram – 695 021, Kerala. The Company is engaged in the business of mining of clay (Kaolin) and manufacturing of processed clay.

2 Significant Accounting Policies :

2.1 Statement of compliance

Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013 Accordingly, the Company has prepared these Standalone Financial Statements which comprise the Balance Sheet as at 31 March, 2021, the Statement of Profit and Loss for the year ended 31 March 2021, the Statement of Cash Flows for the year ended 31 March 2021and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Standalone Financial Statements' or 'financial statements').

Upto the year ended 31 March, 2020, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April, 2019.

Previous period have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at 31 March, 2020 and 1 April, 2019 and of the comprehensive net income for the year ended 31 March, 2020.

These financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

Refer Note 2.26 for details of first-time adoption exemptions availed by the Company.

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

All other assets are classified as non-current.

A liability is 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.

2.3 Basis of preparation and presentation

Separate financial statements of the company are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act"), except for

- Financial instruments – measured at fair value;
- Assets held for sale – measured at lower of fair value less cost of sale;
- Plan assets under defined benefit plans – measured at fair value
- In addition, certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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 market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these standalone financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.4 Use of estimates

The preparation of these standalone financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the standalone financial statements and the reported amounts of income and expense for the periods presented.

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

Key source of estimation of uncertainty at the date of the standalone financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of valuation of deferred tax assets and provisions and contingent liabilities.

The areas involving critical estimates or judgments are:

- Decommissioning and restoration provision
- Fair value of unlisted equity securities
- Determination of cash generating unit (CGU)
- Useful life of intangible asset
- Defined benefit obligation
- Current tax expense and current tax payable
- Deferred tax assets for carried forward tax losses
- Impairment of financial assets

Estimates and judgments are regularly revisited. Estimates are based on historical experience and other factors, including futuristic reasonable information that may have a financial impact on the Company.

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Amounts disclosed as revenue are net of discounts, sales incentives, rebates granted, returns, sales taxes/value added taxes/goods and service tax/ and duties when the products are delivered to customer or when delivered to a carrier for export sale, which is when title and risk and rewards of ownership pass to the customer.

The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer which usually is on delivery of the goods to the carriers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised net of discounts, volume rebates, outgoing sales taxes/ goods and service tax and other indirect taxes. Revenues from sale of by-products are included in revenue.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration when that right is conditional on Company's future performance.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

2.6 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.7 Leases

The Company has applied Ind AS 116 using the modified retrospective approach.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use 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 asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

– Fixed payments, including in-substance fixed payments;
– Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– Amounts expected to be payable under a residual value guarantee; and
– The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

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.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Arrangements in the nature of lease

The Company enters into agreements, comprising a transaction or series of related transactions that does not take the legal form of a lease but conveys the right to use the asset in return for a payment or series of payments. In case of such arrangements, the Company applies the requirements of Ind AS 116 – Leases to the lease element of the arrangement. For the purpose of applying the requirements under Ind AS 116 – Leases, payments and other consideration required by the arrangement are separated at the inception of the arrangement into those for lease and those for other elements.

2.8 Foreign currencies

The functional currency of the Company is Indian rupee (₹).

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

2.9 Employee benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries including incentive and bonus, annual leave and sick leave (leave comprises compensated absences) in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. The casual leave, if not availed are lapsed at the end of the year and are not accumulated for future period.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.11 Property plant and equipment

The Company has elected to continue with the carrying value of all of its plant and equipment as at the transition date, viz., 1 April 2019 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

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 making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the year in which the costs are incurred. Major shut down and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset.

It includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy based on Ind AS 23 – Borrowing costs. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised where the asset is available for use but incapable of operating at normal levels until a year of commissioning has been completed. Revenue generated from production during the trial period is capitalised.

Assets costing ₹ 5,000 and below are fully depreciated in the year of acquisition.

Subsequent expenditure and componentisation

Parts of an item of property, plant and equipment having different useful lives and significant value and subsequent expenditure on Property, Plant and

Equipment arising on account of capital improvement or other factors are accounted for as separate components only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Decommissioning costs

Decommissioning cost includes cost of restoration. Provision for decommissioning costs is recognized when the Company has a legal or constructive obligation to plug and abandon a site, dismantle and remove a facility or an item of Property, Plant and Equipment and to restore the site on which it is located. The full eventual estimated provision towards costs relating to dismantling, abandoning and restoring sites and other facilities are recognized in respective assets when the site is complete / facilities or Property, Plant and Equipment are installed.

The amount recognised is the present value of the estimated future expenditure determined using existing technology at current prices and escalated using appropriate inflation rate till the expected date of decommissioning and discounted up to the reporting date using the appropriate risk-free discount rate. An amount equivalent to the decommissioning provision is recognized along with the cost of site or Property, Plant and Equipment.

Depreciation and useful life

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc

Depreciation is computed on Straight-Line Method ('SLM') based on useful lives, determined based on internal technical evaluation as follows:

Type of Assets	Method	Useful lives estimated by the management
Factory and other buildings	SLM	3- 60 years
Plant and equipment	SLM	10- 25 years
Furniture and fixtures	SLM	10 years
Office equipment	SLM	5 years
Vehicle and cycles	SLM	8 years

Major overhaul costs are depreciated over the estimated life of the economic benefit derived from the overhaul. The carrying amount of the remaining previous overhaul cost is charged to the Statement of Profit and Loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

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.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of office equipment and computer over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

2.12 Intangible assets

The Company has elected to continue with the carrying value of all of its Intangible assets as at the transition date, viz., 1 April, 2019 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Intangible assets and intangible assets under development are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any).

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses.

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset go that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. 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 profit or loss when the asset is derecognised.

Useful lives of intangible assets.

Estimated useful lives of the intangible assets are as follows:

Computer software: 5 years

The amortisation period and method are reviewed at each year end.

2.13 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior year. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14 Inventories

Inventories, including stores and spare parts (other than stores and spares accounted for as Property, Plant and Equipment), raw materials (including clay matrix-mined and purchased) are valued at weighted average cost. Work in progress and finished goods, are valued at lower of standard cost and net realisable value. Cost includes direct expenses and is determined on the basis of weighted average method.

Total mining expenses are considered as raw material cost for clay matrix – mined.

In respect of finished goods and work in progress, cost includes raw material cost plus conversion costs and other overheads incurred to bring the goods to their present location and condition based on normal operating capacity.

2.15 Non-current assets or disposal held for sale and discontinued operations

Non-current assets or disposal held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Such assets or disposal groups are classified only when both the conditions are satisfied –

1. The sale is highly probable, and
2. The asset or disposal group is available for immediate sale in its present condition subject

only to terms that are usual and customary for sale of such assets.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Noncurrent assets or disposal group are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Upon classification, non-current assets or disposal group held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets which are subject to depreciation are not depreciated or amortized once those classified as held for sale.

Discontinued operation

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

2.16 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the years in which the Company recognises as expenses the related costs for which the grants are intended to compensate or when performance obligations are me.

Government grants, whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets and nonmonetary grants are recognised and disclosed as 'deferred income' under non-current liability in the Balance Sheet and transferred to the Statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan at a below-market rate of interest and effect of this favourable interest is treated as a government grant. The loan or assistance is initially recognised at fair value and the government grant is measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates and recognised to the income statement immediately on fulfillment of the performance obligations. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

2.17 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 the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous Contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.18 Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

2.19 Significant Judgements and Key sources of Estimation in applying Accounting Policies

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates.

The areas involving critical estimates or judgments are:

i. **Useful lives of property, plant and equipment :** Management reviews its estimate of the useful lives at each reporting date, based on the expected utility of the assets.

ii. **Valuation of deferred tax assets :** Recognized is based on an assessment of the probability of the Company's future taxable income.

iii. **Fair value measurement of financial instruments :** Based on Discounted Cash Flow model when quoted price are not available.

iv. **Provisions and Contingencies :** Evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.

v. **Defined Benefit Obligation (DBO) :** Measured based on actuarial assumptions which include mortality and withdrawal rates. Company considers that the assumptions used to measure its obligations are appropriate.

vi **Allowances for Doubtful Debts :** The Company makes allowances for doubtful debts through appropriate estimations of irrecoverable amount.

vii. **Warranty :** Warranty Provision is measured at discounted present value using pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

2.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.21 Investments in subsidiaries

The investments in subsidiaries are carried in these financial statements at historical 'cost', except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for as Non-current assets held for sale and discontinued operations. Where the carrying amount of an investment in greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

2.22 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.23 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit -adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.24 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability , or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.25 Earnings per share

Basic earnings per share

Basic earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share

Diluted earnings per share is computed by dividing the profit after tax after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

2.26 First-time adoption-mandatory exceptions, optional exemptions

The Company has prepared the opening balance sheet as per Ind AS as of 1 April, 2019 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below.

Derecognition of financial assets and liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2019 ('the transition date').

Deemed cost for PPE and intangible assets

The Company has elected to continue with the carrying value of all of its plant and equipment as at the transition date, viz., 1 April, 2019 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Assessment of embedded derivatives

The Company has assessed whether an embed derivatives is required to be separated from the host contract and accounted for as a derivative on the basis of conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would required under the contract.

Investment in subsidiary

The Company has elected to adopt the carrying value under previous GAAP as on the date of transition i.e. 1st April, 2019 in its standalone financial statements and use that carrying values as its deemed cost as of the transition date.

2.27 Recent accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet

i. Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.

ii. Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

iii. Specified format for disclosure of shareholding of promoters.

iv. Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

v. Details of unutilised funds borrowed from banks and financial institutions for specified purposes;

vi. Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

vi. Details of charges or satisfaction yet to be registered with ROC beyond the statutory period;

vii. 11 Ratios and reasons for any changes beyond 25% in comparison to the preceding year;

Statement of profit and loss:

i. Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

3 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lacs)

	Free hold land	Factory and other buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles and cycles	Total
Cost or deemed cost							
Balance as at 1 April, 2019	8,096.81	1,997.17	6,232.04	72.55	76.69	148.93	16,624.19
Additions	49.44	198.30	569.87	-	10.26	9.11	836.98
Disposals	-	-	2.78	-	23.38	2.74	28.90
Transferred to assets held for sale	1,310.79	179.30	-	-	-	-	1,490.09
Balance as at 31 March, 2020	**6,835.46**	**2,016.17**	**6,799.13**	**72.55**	**63.57**	**155.30**	**15,942.18**
Additions	-	31.17	600.08	-	4.90	-	636.15
Disposals	-	-	4.21	-	-	31.88	36.09
Balance as at 31 March, 2021	**6,835.46**	**2,047.34**	**7,395.00**	**72.55**	**68.47**	**123.42**	**16,542.24**
Accumulated depreciation							
Balance as at 1 April, 2019	-	-	-	-	-	-	-
Depreciation expense	9.87	142.36	645.53	10.57	25.31	31.91	865.55
Elimination on disposals of assets	-	-	2.78	-	2.57	0.31	5.66
Transferred to assets held for sale	-	2.33	-	-	-	-	2.33
Balance as at 31 March, 2020	**9.87**	**140.03**	**642.75**	**10.57**	**22.74**	**31.60**	**857.56**
Depreciation expense	9.87	140.62	667.18	8.82	22.99	30.03	879.51
Elimination on disposals of assets	-	-	1.06	-	-	8.29	9.35
Balance as at 31 March, 2021	**19.74**	**280.65**	**1,308.87**	**19.39**	**45.73**	**53.34**	**1,727.72**
Net carrying amount							
Balance as at 1 April, 2019	**8,096.81**	**1,997.17**	**6,232.04**	**72.55**	**76.69**	**148.93**	**16,624.19**
Balance as at 31 March, 2020	**6,825.59**	**1,876.14**	**6,156.38**	**61.98**	**40.83**	**123.70**	**15,084.62**
Balance as at 31 March, 2021	**6,815.72**	**1,766.69**	**6,086.13**	**53.16**	**22.74**	**70.08**	**14,814.52**

The information regarding gross block of assets and accumulated depreciation under previous GAAP is as follows:

Property, plant and equipment (₹ in Lacs)

	Lease hold land	Leasehold improvements	Free hold land	Factory and other buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles and cycles	Total
As at April 01, 2019									
Gross block	438.22	62.50	9,576.34	3,572.83	16,251.77	218.79	297.48	254.19	30,672.12
Accumulated depreciation	0.71	59.89	1,479.54	1,575.66	10,019.73	146.24	220.79	105.26	13,607.82
Net block	**437.51**	**2.61**	**8,096.80**	**1,997.17**	**6,232.04**	**72.55**	**76.69**	**148.93**	**17,064.30**
As at March 31, 2020									
Gross block	0.15	62.50	8,314.99	3,591.83	16,818.86	218.79	211.27	258.42	29,476.81
Accumulated depreciation	0.15	59.89	0.21	1,715.69	10,662.48	156.81	170.44	134.72	12,900.39
Net block	**-**	**2.61**	**8,314.78**	**1,876.14**	**6,156.38**	**61.98**	**40.83**	**123.70**	**16,576.42**

Notes:

i. The Company has elected to continue with the carrying value of all of its plant and equipment as at the transition date, viz., 1 April 2019 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

ii. Land includes provision for site restoration w.r.t. mining land used by the Group for clay business amounting to ₹ 1,554.56 lacs in the Indian GAAP (previous GAAP) which is not amortised till 31 March 2020, however on application of IND AS, the amortisation impact since initiation of site restoration provision has been adjusted in IND AS 101 financial statements as at 1 April 2019. Accordingly the net Carrying value as on 31 March, 2021 ₹ 55.39 lacs, 31 March, 2020 ₹ 65.26 lacs and 1 April, 2019 ₹ 75.13 lacs.

iii. Additions to plant and machinery include additions to research and development assets amounting to Nil (31 March, 2020 Nil and 1 April, 2019 ₹ 44.24 lacs) and depreciation charge for the year includes ₹ 49.20 lacs (31 March, 2020 ₹ 52.41 lacs and 1 April, 2019 ₹ 57.19 lacs) on account of research and development assets.

iv. Additions to factory and other buildings includes Nil (31 March, 2020 Nil and 1 April, 2019 ₹ 5.63 lacs) and additions to plant and machinery includes Nil (31 March, 2020 Nil and 1 April, 2019 ₹ 8.83 lacs) on account of capitalisation of foreign exchange fluctuation of long term borrowings.

4 OTHER INTANGIBLE ASSETS

(₹ in Lacs)

	Computer software	Total
Cost or deemed cost		
Balance as at 1 April, 2019	9.62	9.62
Additions	3.04	3.04
Disposals	0.24	0.24
Balance as at 31 March, 2020	**12.42**	**12.42**
Additions	-	-
Disposals	-	-
Balance as at 31 March, 2021	**12.42**	**12.42**
Amortisation		
Balance as at 1 April, 2019	-	-
Amortisation expense	4.98	4.98
Disposals	0.06	0.06
Balance as at 31 March, 2020	**4.92**	**4.92**
Amortisation expense	3.91	3.91
Disposals	-	-
Balance as at 31 March, 2021	**8.83**	**8.83**
Net carrying amount		
Balance as at 1 April, 2019	**9.62**	**9.62**
Balance as at 31 March, 2020	**7.50**	**7.50**
Balance as at 31 March, 2021	**3.59**	**3.59**

The information regarding gross block of assets and accumulated depreciation under previous GAAP is as follows: (₹ in Lacs)

	Computer software	Total
As at April 01, 2019		
Gross block	252.40	252.40
Accumulated depreciation	242.78	242.78
Net block	**9.62**	**9.62**
As at March 31, 2020		
Gross block	242.83	242.83
Accumulated depreciation	235.33	235.33
Net block	**7.50**	**7.50**

Notes:

i. The Company has elected to continue with the carrying value of all of its plant and equipment as at the transition date, viz., 1 April 2019 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

5 RIGHT TO USE ASSETS

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
a. Right to use assets (refer note "47")	110.10	117.58	587.36
	110.10	**117.58**	**587.36**

6 INVESTMENTS

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
Unquoted (Carried at fair value)			
a. Investment in equity instruments			
- Kerala Enviro Infrastructures Limited {50,000 (31 March 2020: 50,000, 31 March 2019: 50,000) Equity shares carrying face value of 10 ₹ each Fully paid}	5.00	5.00	5.00
Unquoted (Carried at cost)			
b. Investment in equity instruments	50.00	-	-
- in subsidiary Company Kaolin India Private Limited {500,000 (31 March 2020: Nil, 31 March 2019: Nil) Equity shares carrying face value of 10 ₹ each Fully paid}			
	55.00	**5.00**	**5.00**

7 OTHER FINANCIAL ASSET

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
I. Non-current			
a. Security deposits	195.00	215.08	189.54
b. Duty / taxes paid under protest recoverable (also refer note 37.1)	17.48	17.48	22.50
c. Margin money deposits (see note below)	16.14	15.58	2.47
	228.62	**248.14**	**214.51**

Note

Margin money deposits are under lien with banks for issuance of bank guarantee and letter of credit.

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
II. Current			
a. Advance to related parties	2.00	2.00	2.00
b. Accrued interest on bank deposits	-	-	13.01
c. Accrued interest on other deposits	5.35	-	-
d. Security deposits	-	11.26	44.78
e. Balances with government authorities	192.86	255.19	-
	200.21	**268.45**	**59.79**

8 OTHER ASSETS

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
I. Non-current			
a. Advances for purchase of property, plant and equipment	6.03	84.02	195.03
b. Prepayments	9.04	17.82	22.35
c. Balances with government authorities	2,315.30	2,063.56	1,466.79
d. Plan asset over present value of gratuity obligation	87.25	65.45	312.70
	2,417.62	**2,230.85**	**1,996.87**
II. Current			
a. Advances to suppliers	133.95	85.09	65.58
b. Advances to employees	55.45	85.46	104.85
c. Prepayments	115.54	58.52	84.66
d. Balances with government authorities	86.28	217.64	1,153.33
e. Other advances	31.41	14.95	-
	422.63	**461.66**	**1,408.42**

9 INVENTORIES

(lower of cost and net realisable value) (₹ in Lacs)

		As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
a.	Raw materials	229.05	617.16	334.14
b.	Stores and spares	623.50	605.46	773.11
c.	Work in progress (see note "I" below)	52.96	81.85	72.50
d.	Finished goods (see note "II" below)	868.04	757.80	925.50
		1,773.55	**2,062.27**	**2,105.25**

Note:

I Includes by-products and others of ₹ 0.01 lacs (31 March, 2020 ₹ 1.24 lacs and 1 April, 2019 ₹ 2.21 lacs).

II Includes by-products of ₹ 35 lacs (31 March, 2020 ₹ 20.37 lacs and 1 April, 2019 ₹ 28.22 lacs) and traded goods of clay products of ₹ 52.22 lacs (31, March 2020 ₹ 30.18 lacs and 1 April, 2019 ₹ 83.33 lacs).

10 DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
Deferred tax assets	228.57	-	-
Deferred tax liabilities	-	103.10	784.38

(₹ in Lacs)

	Opening Balance	Recognised in Profit or loss [(Charge)/ income]	Recognised in other comprehensive Income	Closing balance
2020-21				
Deferred tax (liabilities) / assets in relation to				
Property, plant and equipment	(1,149.24)	25.12	-	(1,124.12)
Employee benefit obligation	64.76	(4.60)	(20.43)	39.73
Tax impact of expenses chargeable in the financial statements but allowable under the Income Tax Act, 1961 in future years	85.49	(65.32)	-	20.17
Site restoration on land	380.75	-	-	380.75
Lease obligation	1.36	1.61	-	2.97
Business loss and unabsorbed depreciationsee note below)	401.17	378.88	-	780.05
Site restoration obligation	112.60	16.42	-	129.02
	(103.10)	**352.11**	**(20.43)**	**228.57**
2019-20				
Deferred tax (liabilities) / assets in relation to				
Property, plant and equipment	(1,630.82)	481.58	-	(1,149.24)
Employee benefit obligation	97.62	(20.44)	(12.42)	64.76
Tax impact of expenses chargeable in the financial statements but not allowable under the Income Tax Act, 1961 in future years	99.72	(14.23)	-	85.49
Site restoration on land	528.65	(147.90)	-	380.75
Lease obligation	-	1.36	-	1.36
Business loss and unabsorbed depreciation(see note below)	-	401.17	-	401.17
Site restoration obligation	120.46	(7.86)	-	112.60
	(784.38)	**693.69**	**(12.42)**	**(103.10)**

Note:

The Company has elected to exercise the option permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its Deferred Tax Liabilities (net) as at 1 April, 2019 basis the rate prescribed in the said section. The impact of re-measurement of Deferred Tax Liabilities (net) as at 1 April, 2019 amounting to ₹ 219.43 lacs has been recognised in the Statement of Profit and Loss for the year ended 31 March, 2020.

11 TRADE RECEIVABLES

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
a. Secured, considered good	77.01	208.52	54.31
b. Unsecured, considered good	2,061.44	2,368.47	2,605.52
c. Unsecured, considered doubtful	77.17	336.71	285.30
Less: Allowances for doubtful debts (expected credit loss allowances)	(77.17)	(336.71)	(285.30)
Total	**2,138.45**	**2,576.99**	**2,659.83**

Notes:

i. The above amount of trade receivables also includes amount receivable from its related parties (refer note 48A).	13.31	7.78	-

ii. The average credit period on sale of goods is 30 days to 60 days. No interest is charged on overdue trade receivables.

iii. Debtors amounting to ₹ 271.57 Lacs has been written off against provisions and new provision created during the year amounts to ₹ 12.03 Lacs.

12 CASH AND CASH EQUIVALENTS

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
a. Balances with banks			
- on current accounts	14.01	14.18	23.44
- in demand deposit accounts with maturity of less than three months	-	-	1,900.00
b. Cash on hand	1.18	7.82	8.14
	15.19	**22.00**	**1,931.58**

13 OTHER BANK BALANCES

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
a. Margin money deposits	-	-	11.98
b. Unpaid dividend accounts	20.86	21.48	21.28
	20.86	**21.48**	**33.26**

14 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
a. Fixed assets held for sale (at lower of cost and net realisable value) (see note below)	4,401.52	4,401.52	2,482.82
	4,401.52	**4,401.52**	**2,482.82**

Note:

Fixed assets held for sale represent land and buildings of gross book value ₹ 4,810.04 lacs (31 March, 2020 ₹ 4,810.04 lacs and 1 April, 2019 ₹ 2,881.88 lacs) and net book value ₹ 4,401.52 lacs (31 March, 2020 ₹ 4,401.52 lacs and 1 April, 2019 ₹ 2,482.82 lacs) located at Shimoga and Cuddalore unit, which management intends to divest within the next 12 months at amounts equal to or exceeding the asset carrying values at the respective Balance Sheet dates. During the year company has received an offer for sale of Shimoga land & building appurtenant thereto carrying net book value of ₹ 2482.82 lacs.

15 EQUITY SHARE CAPITAL

	As at 31 March, 2021		As at 31 March, 2020		As at 1 April, 2019	
	No. of shares	(₹ in Lacs)	No. of shares	(₹ in Lacs)	No. of shares	(₹ in Lacs)
Authorised						
Equity shares of ₹ 2 each	9,00,00,000	1,800.00	9,00,00,000	1,800.00	9,00,00,000	1,800.00
Preference shares of ₹ 100 each	30,00,000	3,000.00	30,00,000	3,000.00	30,00,000	3,000.00
	9,30,00,000	**4,800**	**9,30,00,000**	**4,800**	**9,30,00,000**	**4,800**
Issued, subscribed and fully paid up						
Equity shares of ₹ 2 each	5,02,76,013	1,005.52	5,02,76,013	1,005.52	5,02,76,013	1,005.52
Total	**5,02,76,013**	**1,005.52**	**5,02,76,013**	**1,005.52**	**5,02,76,013**	**1,005.52**

a. Movement in share capital

	Year ended 31 March, 2021		Year ended 31 March, 2020		As at 1 April, 2019	
Equity shares	No. of shares	(₹ in Lacs)	No. of shares	(₹ in Lacs)	No. of shares	(₹ in Lacs)
Balance as at the beginning of the year	5,02,76,013	1,005.52	5,02,76,013	1,005.52	5,02,76,013	1,005.52
Add: Increase during the year	-	-	-	-	-	-
Balance as at the end of the year	**5,02,76,013**	**1,005.52**	**5,02,76,013**	**1,005.52**	**5,02,76,013**	**1,005.52**

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Dividend proposed by the Board of Directors will be subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has neither issued any equity shares for consideration other than cash nor any bonus shares issued during the immediately preceding five financial years. Also there has been no buy back of shares either in the aforesaid period.

c. Shares held by holding Company

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
	No. of shares	No. of shares	No. of shares
Equity shares			
DBH International Private Limited	-	3,26,61,297	3,26,78,691
Karun Carpets Private Limited	4,60,78,066	-	-
	4,60,78,066	**3,26,61,297**	**3,26,78,691**

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

	As at 31 March, 2021		As at 31 March, 2020		As at 1 April, 2019	
Name of shareholder	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
DBH International Private Limited	-	-	3,26,78,691	65.00%	3,26,78,691	65.00%
Karun Carpets Private Limited	4,60,78,066	91.65%	1,33,99,375	26.65%	1,33,99,375	26.65%

e. Pursuant to filing of Scheme of Amalgamation by Karun Carpets Private Limited (one of the promoter of the Company) before the National Company Law Tribunal ("NCLT"), Chandigarh, for amalgamation of DBH International Private Limited ["DBHI"], Bharat Starch Products Private Limited ["BSPL"], DBH Investments Private Limited ["DBHInv"] into Karun Carpets Private Limited ["KCPL"], the NCLT, Chandigarh has approved the Scheme vide its order dated December 4, 2020 and KCPL has filed the said order with the Registrar of Companies on December 23, 2020. Accordingly, the Company has now become subsidiary of KCPL from December 23, 2020. The appointed date for the said merger is 1 April, 2018.

16 OTHER EQUITY

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
a. Capital Reserve	6.34	6.34	6.34
b. Capital Redemption Reserve	3,441.38	3,441.38	3,441.38
c. General Reserve	5,566.85	5,566.85	5,566.85
d. Retained earnings	7,450.83	8,611.94	9,737.18
e. Other comprehensive income	97.68	36.93	-
	16,563.08	**17,663.44**	**18,751.75**

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020
Other equity consist of the following		
i. Capital Reserve		
Balance at the beginning of year	6.34	6.34
Addition during the year	-	-
	6.34	**6.34**
ii. Capital Redemption Reserve		
Balance at the beginning of year	3,441.38	3,441.38
Addition during the year	-	-
	3,441.38	**3,441.38**
iii. General Reserve		
Balance at the beginning of year	5,566.85	5,566.85
Addition during the year	-	-
	5,566.85	**5,566.85**
iv. Retained earnings		
Balance at the beginning of year	8,611.94	9,737.18
Loss for the year	(1,161.11)	(1,125.24)
Appropriations:		
Final dividends relating to previous year	-	-
Corporate dividend tax	-	-
	7,450.83	**8,611.94**
v. Other comprehensive income		
Balance at the beginning of year	36.93	-
Add:		
- Re-measurement of defined benefit plans (net of tax)	60.75	36.93
	97.68	**36.93**

Notes:

i. **Capital Redemption Reserve**

The Companies Act, 2013 (the "Companies Act') requires that where a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to Shareholders of the Company as fully paid bonus shares. EICL Limited established this reserve pursuant to the redemption of preference shares issued in earlier years.

ii. **Capital Reserve**

The capital reserve represents the excess of the identifiable assets and liabilities over the consideration paid.

iii. **General Reserve**

The Company had transferred a part of the net profit of the Company to general reserve in earlier years.

iv. **Retained earnings**

Retained earnings are profits of the Company earned till date less transferred to other reserves and dividend paid during the year.

v. **Other comprehensive income**

Other comprehensive income comprises the balance of remeasurement of retirement benefit plans.

17 NON-CURRENT BORROWINGS

(₹ in Lacs)

	As at 31 March, 2021		As at 31 March, 2020		As at 1 April, 2019	
	Non-current	Current	Non-current	Current	Non-current	Current
a. Term loans (secured)						
- From banks						
HDFC Bank Limited (see note 'i' below)	691.25	654.97	837.82	153.77	-	-
Axis Bank Limited (see note 'ii' below)	197.62	11.63	-	-	-	-
	888.87	**666.60**	**837.82**	**153.77**	**-**	**-**
Less: transferred to current maturities of long term borrowings	-	666.60	-	153.77	-	-
	888.87	**-**	**837.82**	**-**	**-**	**-**

Note:

i. Term loan from HDFC bank

a. Terms of repayment

Secured term loan of ₹ 1,500 lacs was sanctioned by HDFC Bank Limited during 2019-20, which are repayable in 9 equated quarterly instalments starting from February 2021. Interest to be paid separately as and when due.

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
i. April 2019 to March 2020	-	-	-
ii. April 2020 to March 2021	-	153.77	-
iii. April 2021 to March 2022	654.97	837.82	-
iv. April 2021 to March 2022	691.25	-	-
	1,346.22	**991.59**	**-**

b. Rate of interest: 1 year MCLR+0.85%. Effective interest rate is 8.75%

c. Security

Term loans from banks are secured by first pari passu charge on fixed assets (including factory land and building located in Thonnakal unit of the company).

d. Current maturities of long term borrowings are disclosed under the head other current financial liabilities

ii. Term loan (working capital term loan) from Axis bank

a. Terms of repayment

The working capital term loan of ₹ 279 lacs (availed till 31 March, 2021 ₹ 209.25 lacs) was sanctioned by Axis Bank Limited during 2020-21, which is repayable in 36 equated monthly instalments starting from February 2022. Interest to be paid separately as and when due.

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
i. April 2021 to March 2022	11.63	-	-
ii. April 2022 to March 2023	69.75	-	-
iii. April 2023 to March 2024	69.75	-	-
iv. April 2024 to March 2025	58.12	-	-
	209.25	**-**	**-**

b. Rate of interest: 1 year MCLR+1%. Effective interest rate is 8.45%

c. Security

Term loans from banks are secured by second pari passu charge by way of hypothecation on the entire current assets both present & future and second pari passu charge on the movable & immovable assets including factory land & building at Thonnakal unit of the company.

d. Current maturities of long term borrowings are disclosed under the head other current financial liabilities.

18 OTHER NON CURRENT FINANCIAL LIABILITIES

(₹ in Lacs)

		As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
a.	Deposits from vendors	2.47	2.53	3.58
b.	Deposits from customers	0.40	0.40	0.40
c.	Payable for Lease Obligation (refer note 47)	60.19	91.92	120.35
		63.06	**94.85**	**124.33**

19 PROVISIONS

(₹ in Lacs)

		As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
Non-current				
a.	Provision for employee benefits			
	i. Leave Encashment	18.30	46.54	57.18
b.	Site restoration obligation (Refer Note I below)	2,025.47	1,960.24	1,857.56
		2,043.77	**2,006.78**	**1,914.74**
Note				
I	Site restoration obligation w.r.t. mining land of clay business is recognised on 01 April 2016 in view of the requirement of Ind AS 17 - "Property, Plant and Equipment" read with Ind AS 37- "Provisions, Contingent Liabilities and Contingent Assets". The details are given below:			
	Opening present value of obligation	**1,960.24**	**1,857.56**	**1,713.77**
	Add : Finance charge during the year	124.42	102.68	157.56
	Less : Expenses incurred during the year	(59.19)	-	(13.77)
	Closing present value of obligation	**2,025.47**	**1,960.24**	**1,857.56**
Current				
a.	Provision for employee benefits			
	i. Compensated absences	161.39	210.80	223.22
		161.39	**210.80**	**223.22**

20 CURRENT BORROWINGS

(₹ in Lacs)

		As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
Secured				
i.	Cash credit account with scheduled banks (note a and b)			
	- Axis Bank Limited	1,284.57	981.79	241.70
	- ICICI Bank Limited	-	494.62	962.22
	- HDFC Bank Limited	213.59	226.90	248.80
ii.	Working capital demand loans (note a and b)			
	- Axis Bank Limited	-	-	1,000.00
Unsecured				
i.	Short term loan			
	- HDFC Bank Limited	-	-	2,000.00
ii.	Intercorporate deposits	1,000.00	-	-
		2,498.16	**1,703.31**	**4,452.72**

Notes:

a. Cash credit facility and working capital demand loans along with bank guarantees and letter of credit facilities given by the banks are secured by hypothecation of finished goods, semi-finished goods, consumable stores and spares, raw material and book debts of the Company.

b. Cash credit facility and working capital demand loans from the bank comprises of the following:

i. (i) Cash credit facility/working capital demand loan of ₹ 2,500 lacs sanctioned by Axis Bank is repayable on demand and carries interest @ 1 year MCLR + 1% presently 8.45% p.a (2019-20 : 3 months MCLR + 1 % p.a).

ii. Cash credit facility ₹ 1,500 lacs from HDFC Bank is repayable on demand and carries interest @ 1 year MCLR +0.85% presently 8.05% p.a (2019-20 : 1 year MCLR + 0.85% p.a).

21 TRADE PAYABLES

(₹ in Lacs)

		As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
a.	Total outstanding dues of micro enterprises and small enterprises (see note 'iii' below)	111.17	106.88	121.16
b.	Total outstanding dues of other than micro enterprises and small enterprises	2,395.31	3,818.14	3,258.71
		2,506.48	**3,925.02**	**3,379.87**

Notes:

i.	The above amount of trade payables also includes amount payable to its related parties (refer note 48A).	-	-	-
ii.	The average credit period for purchase of certain goods and services are from 15 to 90 days. No interest is chargeable on trade payables.			
iii.	The disclosure of the amount outstanding to micro enterprises and small enterprises are as follows:			
	a. Amount payable to suppliers under MSMED (suppliers) as on 31 March			
	- Principal	111.17	106.88	121.16
	- Interest	-	-	-
	b. Payments made to supplier beyond the appointed day during the year			
	- Principal	-	-	-
	- Interest	-	-	-
	c. Amount of interest due and payable for delay in payment (which have been paid beyond the appointed day during the year) but without adding interest under MSMED	-	-	-
	d. Amount of interest accrued and remaining unpaid as on 31 March	-	-	-
	e. Amount of interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961	-	-	-

22 OTHER FINANCIAL LIABILITIES

(₹ in Lacs)

		As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
a.	Unpaid dividends	20.86	21.48	21.28
b.	Payable for purchase of property, plant and equipment	63.70	63.05	40.05
c.	Retention money	28.50	4.20	4.13
d.	Payable for Lease Obligation (refer note 47)	53.71	28.45	26.89
e.	Interest accrued but not due on borrowings	16.78	-	-
f.	Current maturities of long-term debts	666.60	153.77	-
		850.15	**270.95**	**92.35**

23 OTHER CURRENT LIABILITIES

(₹ in Lacs)

		As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
a.	Advances from customers	34.86	54.97	54.31
b.	Statutory dues (see note i)	53.64	81.39	101.51
c.	Other payables (see note ii)	104.17	4.52	142.96
		192.67	**140.88**	**298.78**

Notes:

i. Statutory dues includes GST payable, Provided fund payable, TDS, ESI etc.

ii. Includes ₹ 100 lacs (31 March 2020 Nil, 31 March 2019 Nil) received for sale of Shimoga land which is shown under assets held for sale (refer note 14).

24 CURRENT TAX LIABILITIES

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
a. Provision for income tax [net of advance taxes paid including tax deducted at source ₹ 5,731.21 Lacs (31 March 2020 ₹ 5,744.44 Lacs, 31 March 2019 ₹ 7,042.98 lacs)]	110.37	97.15	116.08
	110.37	**97.15**	**116.08**

25 REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
Sale of products (see note i and ii below)	10,431.83	20,202.06
Other operating revenues:		
- Scrap sales	16.45	24.75
	10,448.28	**20,226.81**
Note		
i. Reconciliation of Gross Revenue from contract with customers		
Gross Revenue	10,715.73	20,612.58
Less: Discount	237.46	312.54
Less: Returns	46.44	97.98
Net Revenue from contract with customers	**10,431.83**	**20,202.06**
ii. Details of products sold		
- Clay products	10,344.39	19,747.50
- By-products and others	103.89	479.31
	10,448.28	**20,226.81**

26 OTHER INCOME

(₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
a. Interest income earned on financial assets that are not designated as fair value through profit or loss:		
i. Interest from banks on deposits	29.51	89.74
ii. Security Deposit	0.48	0.63
iii. Interest on income tax refund	-	52.67
b. Profit on foreign exchange fluctuations (net)	-	33.93
c. Service charges	76.24	105.52
d. Liabilities / provisions no longer required written back	0.62	1.80
e. Miscellaneous income	23.16	32.70
	130.01	**316.99**

27 COST OF MATERIALS CONSUMED

(₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
Inventory at the beginning of the year	617.16	334.14
Add: Purchases	1,785.81	5,934.61
Less: Inventory at the end of the year	229.05	617.16
Cost of raw material and components consumed	**2,173.92**	**5,651.59**

28 PURCHASES OF STOCK-IN-TRADE

(₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
a. Purchase of traded goods	1,402.50	1,868.96
	1,402.50	**1,868.96**

29 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
Opening inventories		
Finished goods		
- Manufactured	757.80	925.50
- Work in Progress	81.85	72.50
	839.65	**998.00**
Closing inventories		
Finished goods		
- Manufactured	868.04	757.80
- Work in Progress	52.96	81.85
	921.00	**839.65**
	(81.35)	**158.35**

30 EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
a. Salary, wages and bonus	1,954.42	3,479.91
b. Contribution to provident and other funds	91.73	160.31
c. Gratuity expense (see note below)	59.39	46.61
d Staff welfare expenses	313.06	263.92
	2,418.60	**3,950.75**
Less: Amount capitalised during the year	-	118.60
	2,418.60	**3,832.15**

Notes:

i. Gratuity expenses is netted off with income on trust fund amounting to ₹ 73.30 lacs (31 March, 2020 ₹ 107.55 lacs).

ii. Employee benefit expenses includes research and development expenses (also refer note 38).

31 FINANCE COSTS

(₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
Interest costs		
a. Interest on borrowings	408.17	613.08
b. Amortisation Of Site Restoration Reserve	124.42	102.68
c. Interest on Lease obligation	15.40	11.75
	547.99	**727.51**

32 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
a. Depreciation of property, plant and equipment	879.51	865.55
b. Amortisation of intangible assets	3.91	4.98
c. On Right of use Assets	53.75	38.84
	937.17	**909.37**

33 OTHER EXPENSES

(₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
A. Manufacturing expenses		
i. Consumption of stores and spare parts	95.62	255.30
ii. Power and fuel	2,712.58	5,251.78
iii. Repair and maintenance:		
- Plant and machinery	239.45	569.37
- Building	22.13	52.84
- Others	103.95	109.89
iv. Other manufacturing expenses	200.41	405.02
v. Royalty charges	59.15	81.83
Total (A)	**3,433.29**	**6,726.03**
B. Administration expenses		
i. Rent (refer note 47)	125.76	188.63
ii. Rates and taxes	59.86	74.04
iii. Insurance	31.36	20.99
iv. Director sitting fees	23.15	19.65
v. Office and other expenses (See note ii)	172.48	213.84
vi. Legal and professional	55.98	127.58
vii. Security service charges	166.21	157.69
viii. Payments to auditors (see note i)	26.75	38.00
ix. Travelling and conveyance	50.42	135.43
x. Charity and donation	8.91	13.73
xi. Bad debts written-off	-	2.91
xii. Provision for bad trade and other receivables, loans and advances	12.03	51.42
xiii. Bank Charges	26.35	35.37
xiv. Loss on fixed assets sold/ scrapped/ written off	4.80	20.03
xv. Corporate social responsibility (refer note 45)	48.76	55.81
xvi. Loss on foreign exchange fluctuations (net)	24.88	-
Total (B)	**837.70**	**1,155.12**
c. Selling and distribution expenses		
i. Freight, forwarding and packing charges	162.74	552.50
ii. Sales Commission	47.10	65.12
iii. Selling expenses	190.64	301.24
iv. Rebates and discount	21.21	46.84
Total (C)	**421.69**	**965.70**
Total (A + B + C)	**4,692.68**	**8,846.85**

Note:

i. Payments to auditors (net of input credit)		
- Audit fees	22.00	32.00*
- Tax audit fees	2.00	3.00*
- Other services	2.50	0.77*
- Out of pocket expenses	0.25	2.23*
	26.75	**38.00**

ii. Office and other expenses includes research and development expenses (note 38).

* Paid to erstwhile auditor

34 EXCEPTIONAL ITEM

The Company had incurred ₹ 563.05 lacs in FY 2019-20 on the pre-operative expenditure since inception at its calcined clay project planned at Cuddalore, Tamil Nadu which had been abandoned due to uncertainty on availability of raw materials. The amount so incurred on pre-operative expenditure had been charged to profit and loss account of the previous year and shown as an exceptional item and the Land and building aggregating to ₹ 1,928.16 lacs had been retired from their proposed use and the Board has decided to find an active buyer for the same, accordingly, these assets have been classified as held for sale in Note 14 to the financial statements.

35 INCOME TAXES

(₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
Current tax		
For current year	-	-
	-	**-**
Income tax expense related to earlier year	-	(195.10)
	-	**(195.10)**
Deferred tax		
In respect of the current year	(352.11)	(693.69)
	(352.11)	**(693.69)**
Income tax expense recognised in the statement of profit and loss	**(352.11)**	**(693.69)**
Other comprehensive income section		
Income tax relating to items that will not be reclassified to profit or loss	20.43	12.42
	(331.68)	**(681.27)**
Reconciliation of tax expense and the accounting profit multiplied by prevailing income tax rate		
Profit before tax	(1,513.22)	(2,014.03)
Income tax rate	25.168%	25.168%
Calculated income tax expenses	(381.00)	(507.00)
Reversal of deferred tax due to change on tax rates	-	(219.44)
Tax effects on non-deductible expenses		
Adjustment on account of carry forward business losses and unabsorbed depreciation	28.89	32.75
Income tax expense	**(352.11)**	**(693.69)**
Other comprehensive income section		
Income tax relating to items that will not be reclassified to profit or loss	20.43	12.42
	(331.68)	**(681.27)**

36 EARNINGS PER SHARE

(₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
a. Basic earnings per share (₹)	(2.31)	(2.24)
b. Diluted earnings per share (₹)	(2.31)	(2.24)

Earnings per share are as follows:

i. The earnings and weighted number of equity shares used in the calculation of basic earnings per share are as follows:

Net profit attributable to the shareholders	(1,161.11)	(1,125.24)
Weighted average number of outstanding equity shares during the year	50,276,013	50,276,013
Basic earning per share (₹)	(2.31)	(2.24)
Diluted earning per share (₹)	(2.31)	(2.24)

37 COMMITMENTS AND CONTINGENCIES

a. The estimated amount of contracts remaining to be executed on capital amounts and not provided for (net of advances) amount to ₹ 124.57 Lacs (as at 31 March 2020 ₹ 230.60 Lacs and as at 1 April 2019 ₹ 763.63 Lacs).

b. Estimated amount of liability on export obligation remaining to be completed against EPCG scheme and Advance authorisations of amount to ₹ 109.02 Lacs (as at 31 March 2020 ₹ 91.06 Lacs and as at 1 April 2019 ₹ 26.21 Lacs).

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

37.1 Litigations

I a) Demands aggregating to ₹ 1,073.70 lacs for the year 2000 to 2004 with respect to using of lubricating oil and transformer oil in the plant and machinery used for manufacture of excisable and as well as exempted goods and cenvat credit of service tax, which was subsequently quashed by the Central Excise and Service Tax Appellate Tribunal (CESTAT), referring the matter back for fresh assessment. The Commissioner, Central Excise, Panchkula instead of fresh adjudication, went into appeal before the Hon'ble High Court at Chandigarh which was dismissed by the Hon'ble High Court. The Commissioner, Panchkula filed a Special Leave Petition before the Hon'ble Supreme Court of India, where the matter is pending for adjudication. Consequently amount deposited under protest amounting to ₹ 17.48 lacs have been considered good and recoverable and no provision for the same has been considered necessary. Further, till the time demands are received by the Company amounts of contingent liabilities, if any, is not ascertainable.

b) With respect to classification of maize starch for excise purposes, the Commissioner, Excise raised a demand of ₹ 611.11 lacs, which was set aside by CESTAT. The Commissioner filed an appeal before the Hon'ble Supreme Court of India against the order of CESTAT, where the matter is pending for adjudication.

II With respect to a dispute of lease charges of ₹ 1,204.60 lacs on the lease land at Veli, the Company approached the Hon'ble High Court of Kerala and the Hon'ble High Court has directed the Principal Secretary (Revenue) to make fresh assessment in this matter which is not yet finalized by the relevant authority. However, the Company has filed a review petition before the Secretary (Revenue), Government of Kerala to review the said order and requested to consider that

a. the lease rent fixation and the application for renewal of lease submitted by Company has to be considered under the Rules for Lease of Land for Industrial Purposes which has been overlooked or not considered in the said order.

b. the lease of the land provided to the Company be extended in accordance with the Rules for Lease of Land in Industrial Development Area and Development of Plots for Industrial Purposes.

The Company is confident that the department will pass order in favour of the Company shortly.

III The Company had received a show cause notice on April 9, 2015 from Directorate General of Central Excise Intelligence (DGCEI) dated March 31, 2015 on mis-classification of clay products for which the Company has represented and filed the reply with the authority and a favourable order was passed by the Commissioner of Central Excise and Customs, Trivandrum. Subsequently, the department has filed an appeal against the order of Commissioner, which is currently pending for hearing.

The Department has issued such show cause notices for the subsequent period also and the reply has been filed by the Company giving reference to the disposal of first show cause notice.

IV The company has received VAT & CST orders for the year FY 2013-14,2014-15 and 2015-16 demanding ₹ 3.09 lacs , ₹ 10.14 lacs and ₹ 172.94 lacs respectively without considering the forms submitted and without giving opportunity to heard the company. Hence, the company has filed appeal against the orders and is confident that the demands will be reversed and refund orders will be issued by the department.

38 RESEARCH AND DEVELOPMENT EXPENSES

(₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
- Employee benefit expenses	69.62	73.75
- Office and other expenses	11.86	8.53
	81.48	**82.29**

39 MINING OPERATIONS

The Company holds various mining leases over lands situated in Melthonnakkal and Veiloor Villages of Trivandrum (Kerala) and other places. These mining leases were granted over a period of 1994 to 2008. Following the judgment of the Hon'ble High Court of Kerala, the mining activities in both Melthonnakkal and Veiloor Villages had been suspended. Post complying with the directions of the Hon'ble Court, the Company is following up for the Environment Clearance for Veiloor Villages mines apart from other mines before the mining authorities of Kerala which are at different stages of approvals. Besides, the Company has re-started mining at Melthonnakkal from October 2020 and also has got mining lease executed for Melthonnakkal (near AJ College Site) during the year after all the necessary approvals. Thus, the Company has two mining leases which are operational presently.

Accordingly, the Company has resumed its mining operations at locations mentioned above and shall be able to do so at other mines on receipt of necessary approvals and also consequently achieve full level of production and improved profitability.

40 GOODS & SERVICE TAX ACCUMULATION ON INPUTS

As per Rule 89(5) of the CGST Rules, the restrictions were imposed on refund only to the extent of goods used for making outward supplies attracting lower rate of GST and effectively denies refund in respect of ITC on input services. The Company has accumulated Input Tax credit of ₹ 2,091.17 lacs as of 31 March, 2021 comprising of both goods and services, which have been classified as non-current asset in the financial statements. Such restriction has neither been provided for nor contemplated in the parent provision of Section 54(3). Considering the fact that the rule has been made in excess of what has been provided in the Act, the Company's management has filed a writ petition in the Hon'ble High Court of Kerala.

41 EMPLOYEE BENEFIT PLANS

a. Defined contribution plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Employer's contribution to provident fund and employee's state insurance scheme recognised as expense in the Statement of Profit and Loss for the year are as under:

(₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
Contribution to provident fund	91.73	160.31
Contribution to employees state insurance scheme	0.15	1.25
	91.88	**161.56**

b. Defined benefit plan

Gratuity

The Company has a defined benefit gratuity plan. Employee who have completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme of gratuity is funded.

In respect of the plan in India, the most recent valuation of the present value of defined benefit obligation were carried as at 31 March, 2021 in which the present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the project unit credit method.

The fund is managed by a trust which is governed by the board of trustees. The board of trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

The principal assumptions used for the purposes of the actuarial valuations were as follows: (₹ in Lacs)

	Valuation as at		
	31 March, 2021	31 March, 2020	1 April, 2019
Expected return on plan assets	6.33%	6.04%	7.47%
Discount rate (%)	6.33%	6.04%	7.47%
Expected rate(s) of salary increase	6.50%	6.00%	8.00%
Mortality rates inclusive of provision for disability	IALM 2006-08 Ultimate		
Retirement Age (Years)	58	58	58
Withdrawal Rate (%) (Ages)	5.00%	5.00%	5.00%

(₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
Service cost:		
Current service cost	63.34	69.97
Net interest expenses	(3.95)	(23.36)
Components of defined benefit costs recognised in profit or loss	**59.39**	**46.61**
Remeasurement on the net defined benefit liability		
Return on plan assets, excluding interest income	(17.39)	11.01
Actuarial (gain)/loss from change in financial assumptions	11.86	33.89
Actuarial (gain)/loss from change in experience adjustment	(75.65)	(94.25)
Components of defined benefit costs recognised in other comprehensive income	**(81.18)**	**(49.35)**
Total	**(21.79)**	**(2.74)**

Notes:

i. The current service cost and the net interest expenses for the year are included in the 'Employee benefits expense' line item in the Statement of profit and loss.

ii. The remeasurement of the net defined liability is included in other comprehensive income.

iii. The Gratuity scheme of the Company is funded.

The amount included in the balance sheet arising from the Company's obligation in respect of defined benefit plans is as follows:

(₹ in Lacs)

	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
Present value of defined benefit asset			
Non-current	87.25	65.45	312.70
Current	-	-	-
	87.25	**65.45**	**312.70**

Movement in the present value of the defined benefit obligation are as follows: (₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
Opening defined benefit obligation	1,148.08	1,127.03
Current service cost	63.34	69.97
Interest cost	69.34	84.19
Remeasurement (gains)/losses:		
Return on plan assets, excluding interest income	-	-
Actuarial (gain)/loss from change in financial assumptions	11.86	33.89
Actuarial (gain)/loss from change in experience adjustment	(75.66)	(94.25)
Benefits paid	(279.07)	(72.75)
Closing defined benefit obligation	**937.89**	**1,148.08**

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes if the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Fair value of plan assets at the end of the period (₹ in Lacs)

	Year ended 31 March, 2021	Year ended 31 March, 2020
Fair value of plan assets at the beginning of the period	1,213.53	1,439.74
Interest Income	73.30	107.55
Assets transfer out/Divestments	-	(250.00)
Benefit paid from the fund	(279.07)	(72.75)
Return on plan assets, excluding interest income	17.39	(11.01)
Closing fair value of plan assets	**1,025.14**	**1,213.53**
Amount recognised in the Balance sheet		
Present value of benefit obligation at the end of the period	(937.89)	(1,148.08)
Fair value of plan assets at the end of the period	1,025.14	1,213.53
Net (Liability)/Assets Recognised in the balance sheet	**87.25**	**65.45**
Net interest cost for current period		
Opening defined benefit obligation	1,148.08	1,127.03
Fair value of plan assets at the beginning of the period	(1,213.53)	(1,439.74)
Net (Liability)/Assets at the beginning	**65.45**	**312.71**
Interest cost	69.34	84.19
(Interest income)	(73.30)	(107.55)
Net interest cost for current period	**(3.96)**	**(23.36)**
Expenses recognised in the statement of profit and loss for current period		
Current service cost	63.34	69.97
Net interest cost for current period	(3.96)	(23.36)
Expenses recognised	**59.38**	**46.61**
Expenses recognised in other comprehensive income for current period		
Actuarial (gains)/losses on obligation for the period	(63.79)	(60.36)
Return on plan assets, excluding interest income	(17.39)	11.01
Net (income)/expenses for the period recognised in OCI	**(81.18)**	**(49.35)**

A. Sensitivity analysis:

If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would changes as: (₹ in Lacs)

	As at 31 March, 2021		As at 31 March, 2020	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate	(53.87)	60.80	(60.66)	68.26
Salary growth rate	60.10	(54.27)	67.61	(61.22)
Withdrawal rate	(0.80)	0.87	(0.10)	0.09

(₹ in Lacs)

	As at 1 April 2019	
	Increase by 1%	Decrease by 1%
Discount rate	(63.98)	72.02
Salary growth rate	70.95	(64.24)
Withdrawal rate	(2.71)	2.95

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

Sensitivities due to mortality and withdrawals are not material and hence impact of change not calculated.

42 SEGMENT INFORMATION

The Company's strategic steering committee, consisting of the Chief Executive Officer and the Chief Financial Officer for corporate planning, examines the Company's performance on the basis of sales of goods. The Company engaged in the business of mining of clay (Kaolin) and manufacturing of processed clay. Hence the reporting requirements for segment disclosure as prescribed by Ind AS 108 are not applicable.

43 The Company has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for Income Tax for the year ended 31 March, 2020 and re-measured its net deferred tax liabilities (DTL) basis the rates prescribed in the said section. The impact of this change has been recognised in the profit and loss account.

44 FINANCIAL INSTRUMENTS

i. Capital Management

The Company's objectives when managing capital are to

a. safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

b. maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of net debt (borrowings offset by cash and bank balances) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the balance sheet).

The gearing ratio at end of the reporting period was as follows: (₹ in Lacs)

	Note	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
Debt		4,053.63	2,694.90	4,452.72
Cash and Bank balances		(36.05)	(43.48)	(1,952.86)
Net debt		**4,017.58**	**2,651.42**	**2,499.86**
Total Equity		17,568.60	18,668.96	19,757.27
Net debt to equity ratio (%)		22.87%	14.20%	12.65%
ii. Categories of financial instruments				
Financial assets				
Measured at fair value through profit or loss	6	5.00	5.00	5.00
Measured at cost	6	50.00	-	-
Measured at amortised cost				
Financial assets				
a. Trade receivables	11	2,138.45	2,576.99	2,659.83
b. Cash and cash equivalents	12	15.19	22.00	1,931.58
c. Other bank balances	13	20.86	21.48	33.26
d. Financial assets				
- Other financial assets	7	228.62	248.14	214.51
a. Non current	7	200.21	268.45	59.79
b. Current				

(₹ in Lacs)

	Note	As at 31 March, 2021	As at 31 March, 2020	As at 1 April, 2019
Financial liabilities				
a. Borrowings				
i. Long term borrowings	17	888.87	837.82	-
ii. Short term borrowings	20	2,498.16	1,703.31	4,452.72
b. Trade payables	21	2,506.48	3,925.02	3,379.87
c. Other financial liabilities other than current maturities				
Current	22	850.15	270.95	92.35
Non-current	18	63.06	94.85	124.33
Measured at fair value through other comprehensive income		-	-	-

The fair value of the financial assets and financial liabilities are equal to the carrying value of the financial instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For financial assets and liabilities included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value.

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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:

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use Unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- The Company enters into foreign exchange forward contracts with bankers of the company and are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. As at 31 March 2021, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the

hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

- The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2021 was assessed to be insignificant.

Level wise disclosure of financial instruments

	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2019	Level
Other investment	5.00	5.00	5.00	Level III

iii. Financial risk management objectives

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a. Financial risk management

The Company has a Risk Management Committee established by its Board of Directors for overseeing the Risk Management Framework and developing and monitoring the Company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

The risk management policies aims to mitigate the following risks arising from the financial instruments:

- Market risk
- Credit risk; and
- Liquidity risk

b. 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 the market prices. The Company is exposed in the ordinary course of its business to risks related to changes in foreign currency exchange rates, commodity prices and interest rates.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Management and the internal auditors on a continuous basis. The Company does not enter into or trade financial instruments, including derivatives for speculative purposes.

c. Foreign currency risk management

The Company's functional currency is Indian Rupees (INR). The Company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's revenue from export markets and the costs of imports, primarily in relation to raw materials. The Company is exposed to exchange rate risk under its trade and debt portfolio.

Adverse movements in the exchange rate between the Rupee and any relevant foreign currency result's in increase in the Company's overall debt position in Rupee terms without the Company having incurred additional debt and favorable movements in the exchange rates will conversely result in reduction in the Company's receivables in foreign currency. In order to hedge exchange rate risk, the Company has a policy to hedge cash flows up to a specific tenure using forward exchange contracts and options. At any point in time, the Company hedges its estimated foreign currency exposure in respect of forecast sales over the following 6 months. In respect of imports and other payables, the Company hedges its payables as when the exposure arises. Short term exposures are hedged progressively based on their maturity.

All hedging activities are carried out in accordance with the Company's internal risk management policies, as approved by the Board of Directors, and in accordance with the applicable regulations where the Company operates.

The company exposes to foreign currency risk are as follows: (₹ in Lacs)

Particulars	Receivables - Trade	Payable - Trade
As at 31 March, 2021		
USD	547.76	96.76
As at 31 March, 2019		
USD	423.40	72.24
As at 1 April, 2019		
USD	294.61	24.42

Sensitivity analysis (₹ in Lacs)

	Effect on profit before tax		
Particulars	**31 March, 2021**	**31 March, 2020**	**1 April, 2019**
USD sensitivity			
Increase by 5%	22.55	17.56	13.51
Decrease by 5%	(22.55)	(17.56)	(13.51)

(₹ in Lacs)

	Effect on equity		
Particulars	**31 March, 2021**	**31 March, 2020**	**1 April, 2019**
USD sensitivity			
Increase by 5%	16.87	13.14	10.11
Decrease by 5%	(16.87)	(13.14)	(10.11)

Sensitivity analysis is computed by changing the exchange rate only and holding all other variables constant.

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposure are managed within approved policy parameters utilising forward foreign exchange contracts, however at the year end there are no significant exposure of the Company towards foreign currency.

d **Interest rate risk management**

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on theCompany's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short-term loans.

As at 31 March, 2021 and 31 March, 2020, financial liability of ₹ 3,055.14 lacs and ₹ 2,694.89 lacs, respectively, was subject to variable interest rates. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in decrease/increase in profit/(loss) before tax of ₹ 30.55 lacs and ₹ 26.95 lacs for the year ended 31 March, 2021 and 31 March, 2020, respectively.

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.(Note: The impact is indicated on the profit/(loss) before tax basis).

e **Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Company's credit risk arises principally from the trade receivables, loans, cash and cash equivalents, derivatives and financial guarantees.

Trade receivables

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 2,138.45 lacs, ₹ 2,576.99 lacs and ₹ 2659.83 lacs as at 31 March 2021, 31 March 2020 and 1 April, 2019 respectively. Credit risk has always been managed through monitoring the credit worthiness of customers in the normal course of business.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers

Revenue in %

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Revenue from top customer	48.25%	39.06%
Revenue from top five customer	60.01%	53.22%

The Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables which is based on historical experience. The are no expected credit loss as per the evaluation of the management at period end.

Cash and cash equivalents, derivatives and financial guarantee

Credit risks from balances with banks and financial institutions are managed in accordance with the Company policy. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by credit-rating agencies.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks and other counterparties. The Company's maximum exposure in this respect is the maximum amount of the Company would have to pay if the guarantee is called upon. The Company's maximum exposure to the credit risk for the components of balance sheet as 31 March 2021 and 31 March 2020 and 1 April, 2019 is the carrying amounts mentioned in Note no. 11 except for financial guarantees . The maximum exposure relating to financial guarantees as at 31 March 2021, 31 March 2020 and 1 April, 2019 is ₹ 177.89 Lacs, 200.73 lacs and 175.61 lacs respectively.

f. Liquidity risk management

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Company requires funds both for short term operational needs as well as for long term capital expenditure growth projects. The Company generates sufficient cash flow for operations, which together with the available cash and cash equivalents and short term investments provide liquidity in the short-term and long-term. The Company has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its nonˆderivative financial liabilities with agreed repayment periods and its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Contractual maturities of financial liabilities (₹ in Lacs)

	less than 1 year	1 to 5 year	more than 5 year	Total
As at 31 March 2021				
Borrowings	2,498.16	888.87	-	3,387.03
Trade payables	2,506.48	-	-	2,506.48
Other financial liabilities	850.15	63.06	-	913.21
As at 31 March 2020				
Borrowings	1,703.31	837.82	-	2,541.13
Trade payables	3,925.02	-	-	3,925.02
Other financial liabilities	270.95	94.85	-	365.80
As at 31 March 2019				
Borrowings	4,452.72	-	-	4,452.72
Trade payables	3,379.87	-	-	3,379.87
Other financial liabilities	92.35	124.33	-	216.68

The Company has sanctioned working capital credit limits amounting to ₹ 4,000 Lacs (As at 31 March, 2020 ₹ 4,000 Lacs and As at 1 April, 2019 ₹ 4,000 Lacs).

45 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

a. As per section 135 of the Companies Act, 2013, the Company, meeting the applicability threshold, needs to spend at least 2% of average net profit for the immediately preceding three Financial Year on Corporate Social Responsibility ('CSR') activities. A CSR committee has been formed by the Company as per the Act.

(₹ in Lacs)

Detail of CSR Expenditure	For the year ended 31 March, 2021	For the year ended 31 March, 2020
a. Gross Amount required to be spent by the Company during the year	36.29	73.46
b. Amount spent in cash during the year on:	48.76	55.81

b. The areas of CSR activities are rain water harvesting, supply of water and promoting education to villagrs. The funds were primarily allocated and utilised for the activities which are specified in Schedule VII of the Companies Act, 2013.

(₹ in Lacs)

Particulars	Year Ended 31 March, 2021		Year Ended 31 March, 2020	
	Paid in Cash	Yet to be Paid in Cash	Paid in Cash	Yet to be Paid in Cash
(i) Construction / acquisition of any asset	-	-	-	-
(ii) On purposes other than (i) above	48.76	-	55.81	-
Total of (i) and (ii)	**48.76**	**-**	**55.81**	**-**

46 The operations of the Company were impacted, due to shutdown of its plant and offices following nationwide lockdown by the Government of India due to COVID 19. The Company has resumed operations in a phased manner as per directives from the Government of India from 01 June 2020. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, there is no significant impact on its financial statements as at 31 March 2021. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

47 RIGHT TO USE ASSETS

i. Carrying value of right to use assets at the end of reporting period

Particulars	(₹ in Lacs)	(₹ in Lacs)
Balance as at 1 April, 2019	147.24	147.24
Addition during the year	-	-
	147.24	**147.24**
Depreciation during the year	32.27	32.27
Derecognised during the year	-	-
Balance as at 31 March, 2020	**114.97**	**114.97**
Addition during the year	100.11	100.11
Depreciation during the year	53.30	53.30
Derecognised during the year	54.28	54.28
Balance as at 31 March, 2021	**107.49**	**107.49**

ii. Additions to right to use assets (₹ in Lacs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Right-of-use assets - Leases	100.11	-
	100.11	**-**

iii. Right-to-use assets

At cost or deemed cost

Particulars	(₹ in Lacs)
Balance as at 01 April, 2019	**-**
Additions	147.24
Derecognition	-
Balance as at 31 March, 2020	**147.24**
Additions	100.11
Derecognition	54.28
Balance as at 31 March, 2021	**193.07**
Accumulated amortisation	
Balance as at 01 April, 2019	-
Charge for the Year	32.27
Balance as at 31 March, 2020	**32.27**
Charge for the Year	53.30
Balance as at 31 March, 2020	**85.57**
Net carrying amount	
At 31 March, 2020	**114.97**
At 31 March, 2021	**107.49**

Notes:

1 The Company has adopted Ind AS 116 "Leases" effective April 1, 2019 and applied the standard to its Leases using the modified retrospective approach. On transition, the adoption of new standard resulted in recognition of Right-of -Use asset (including additions and derecognition during the year) ₹ 147.24 lacs and an equal amount of lease liability. The effect of this adoption is not material on profit and earnings per share for the year ended.

2 The aggregate depreciation expense on right-of-use assets is included under depreciation and amortisation expense in the statement of Profit and Loss.

3 Transition impact of Ind AS - 116.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset equals to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Comparatives for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our financial statement for the year ended March 31, 2019.

The effect of this adoption is insignificant on the profit before tax and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application

a. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

b. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application or low value leases.

c. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

d. Applied the practical expedient to assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

e. The following is the movement in lease liabilities during the year ended March 31, 2020 and March 31, 2021: (₹ in Lacs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Balance at the Beginning of the year	120.37	-
Recognition on account of adoption of Ind AS 116	-	147.24
Additions during the year	100.11	-
Deletion during the year	59.00	-
	161.48	**147.24**
Finance cost accrued during the year	15.40	11.75
Payment of lease liabilities	62.98	38.62
Balance at the end	**113.90**	**120.37**

f. Maturity analysis of lease liabilities:

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on an undiscounted basis:

(₹ in Lacs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Due within one year	53.71	28.45
Due later than one year and not later than five years	60.19	91.92
Due later than five years	-	-
Total	**113.90**	**120.37**

g. Amounts recognised in profit or loss (see note 'a' below) (₹ in Lacs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Interest on lease liabilities	15.40	11.75
Depreciation on right of use assets	53.30	32.27
Expenses relating to short-term and low value leases	125.76	188.63
(Income)/Expenses on de-recognised of lease	(4.72)	-
	189.75	**232.65**

Note:

a. Since the Ind AS 116 is applicable from 1 April, 2019, hence no disclosure has been made for the previous year.

iv. The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

v. Rental expense recorded for short-term and low value leases is recognised for the year ended March 31, 2021 ₹ 125.76 lacs (Previous year ₹ 188.63 lacs), the same have been recorded under the head 'Other expenses' in the financial statements.

vi. Rental income on assets given on sub-lease is Nil for the year ended 31 March, 2021. (Nil for the year ended 31 March, 2020).

vii. Right of use assets and liabilities of ₹ 147.24 lacs and ₹ 147.24 lacs have been recognised as at 1 April, 2019.

viii. The Company based on best estimation amount of ₹ 437.51 lacs net block which are include in right to use assets are classified in Non-current assets classified as held for sale in 31 March 2020 and 31 March 2021.

Lease Commitments In Previous GAAP

The Company has entered into leasing arrangements for office buildings and godown for storage of inventory that are cancellable at the option of the Company. Rent expense on account of cancellable leases for the year ended 31 March 2021 amounts to ₹ 187.31 lacs (31 March, 2020 ₹ 226.63 lacs).

The details of lease commitments in terms of minimum lease payments within the non-cancellable period are as follows:

(₹ in Lacs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
i. Payable not later than 1 year	45.33	38.93
ii. Payable later than 1 year not later than five years	42.60	49.06
	87.93	**87.99**

48 RELATED PARTIES

a. List of related parties

i Holding Company

Karun Carpets Pvt. Limited

DBH International Pvt. Limited (merged with Karun Carpets Pvt. Ltd)

ii Wholly owned subsidiary

Kaolin India Private Limited (w.e.f. 03 June, 2020)

iii. Enterprises over which shareholders or directors exercise significant influence

Greaves Cotton Limited

Premium Transmission Private Limited

DBH Holdings (India) Private Limited (Earlier known as Pembril Industrial & Engineering Co. Pvt. Limited)

Greaves Leasing Finance Limited

Dee Greaves Limited

Bharat Starch Products Private Limited (merged with Karun Carpets Pvt. Ltd)

Aravali Sports & Cultural Foundation

DBH Consulting Limited

DBH Investments Pvt. Limited (merged with Karun Carpets Pvt. Ltd)

Ampere Vehicles Private Limited

iv. Key management personnel

Mr. Karan Thapar – Chairman

Mr. Vijay Kishore Sharma - Director (Upto 26 February, 2020)

Mr. T. Balakrishnan - Director

Mr. Vijay Dilbagh Rai - Director

Ms. Shivpriya Nanda - Director

Mr. Joy Kumar Jain - Director (Upto 11 May, 2020)

Mr. Suresh Kumar Jain -Executive Director (upto 04 November, 2020 and thereafter Director)

Mr. Bhagawandas Bhojwani - Chief Executive Officer (w.e.f 06 November, 2020)

Mr. Mahendra Kumar Gupta - Chief Financial Officer

Ms. Shalini Chawla - Company Secretary

b. Transactions /balances outstanding with related parties

(₹ in Lacs)

Particulars	Holding Company		Wholly owned Subsidiary		Enterprises over which shareholders or directors exercise significant influence		Key management personnel		Total	
	Year ended 31 March, 2021	Year ended 31 March, 2020	Year ended 31 March, 2021	Year ended 31 March, 2020	Year ended 31 March, 2021	Year ended 31 March, 2020	Year ended 31 March, 2021	Year ended 31 March, 2020	Year ended 31 March, 2021	Year ended 31 March, 2020
Transactions during the year										
Investments	-	-	**50.00**	-	-	-	-	-	**50.00**	-
Kaolin India Pvt. Ltd	-	-	50.00	-	-	-	-	-	50.00	-
Loans given	-	-	**100.00**	-	-	-	-	-	**100.00**	-
Kaolin India Pvt. Ltd	-	-	100.00	-	-	-	-	-	100.00	-
Loans Received	**1,000.00**	-	-	-	-	-	-	-	**1,000.00**	-
Karun Carpets Private Limited *	1,000.00	-	-	-	-	-	-	-	1,000.00	-
Technical Fees	-	-	-	-	-	**16.41**	-	-	-	**16.41**
DBH Consulting Limited	-	-	-	-	-	16.41	-	-	-	16.41
Rent paid (adjusted with lease liabilities)	**18.00**	**18.00**	-	-	-	-	-	-	**18.00**	**18.00**
Karun Carpets Private Limited *	18.00	18.00	-	-	-	-	-	-	18.00	18.00
Rent received	-	-	**8.50**	-	-	-	-	-	**8.50**	-
Kaolin India Pvt. Ltd	-	-	8.50	-	-	-	-	-	8.50	-
Interest paid	**36.85**	-	-	-	-	-	-	-	**36.85**	-
Karun Carpets Private Limited *	36.85	-	-	-	-	-	-	-	36.85	-
Interest received	-	-	**1.92**	-	-	-	-	-	**1.92**	-
Kaolin India Pvt. Ltd	-	-	1.92	-	-	-	-	-	1.92	-
Repayment Of Loans received	-	-	**100.00**	-	-	-	-	-	**100.00**	-
Kaolin India Pvt. Ltd	-	-	100.00	-	-	-	-	-	100.00	-
Professional Fees	-	-	-	-	-	-	**6.00**	-	**6.00**	-
Mr. Suresh Kumar Jain	-	-	-	-	-	-	6.00	-	6.00	-
Reimbursement of expenses incurred by the Company on behalf of others	-	-	-	-	**76.24**	**124.52**	-	-	**76.24**	**124.52**
Premium Transmission Private Limited	-	-	-	-	76.24	112.67	-	-	76.24	112.67
Greaves Cotton Limited	-	-	-	-	-	11.85	-	-	-	11.85
Reimbursement of expenses incurred by others on our behalf	**11.34**	-	-	-	-	-	-	-	**11.34**	-
Karun Carpets Private Limited *	11.34	-	-	-	-	-	-	-	11.34	-
Directors Sitting Fees	-	-	-	-	-	-	**23.15**	**19.65**	**23.15**	**19.65**
Mr. Karan Thapar	-	-	-	-	-	-	4.45	2.95	4.45	2.95
Mr. Vijay Kishore Sharma	-	-	-	-	-	-	-	2.70	-	2.70
Mr. T. Balakrishnan	-	-	-	-	-	-	5.55	3.80	5.55	3.80
Mr. Vijay Dilbagh Rai	-	-	-	-	-	-	6.50	2.75	6.50	2.75
Ms. Shivpriya Nanda	-	-	-	-	-	-	5.65	3.30	5.65	3.30
Mr. Joy Kumar Jain	-	-	-	-	-	-	0.50	4.15	0.50	4.15
Mr. Suresh Kumar Jain	-	-	-	-	-	-	0.50	-	0.50	-
Sale of fixed assets	**18.80**	-	-	-	-	-	-	-	-	-
Karun Carpets Private Limited *	18.80	-	-	-	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	-	-	**293.18**	**209.45**	**293.18**	**209.45**
Mr. Suresh Kumar Jain	-	-	-	-	-	-	118.39	105.38	118.39	105.38
Mr. Bhagawan Das Bhojwani	-	-	-	-	-	-	92.49	-	92.49	-
Mr. Mahendra Kumar Gupta	-	-	-	-	-	-	60.75	70.54	60.75	70.54
Ms. Shalini Chawla	-	-	-	-	-	-	21.55	33.53	21.55	33.53

* Subsequent to merger of DBH International Pvt. Ltd and Bharat Starch Products Private Limited with Karun Carpets Private Limited all the related party transactions are shown under Karun Carpets Private Limited

(₹ in Lacs)

Particulars	Holding Company		Wholly owned Subsidiary		Enterprises over which shareholders or directors exercise significant influence		Total	
	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2021	As at 31 March, 2020
Outstanding balances								
Security deposit payable	-	-	**0.85**	-	-	-	**0.85**	-
Kaolin India Private Ltd	-	-	0.85	-	-	-	0.85	-
Unsecured loan payable	**1,000.00**	-	-	-	-	-	**1,000.00**	-
Karun Carpets Private Limited *	1,000.00	-	-	-	-	-	1,000.00	-
Receivable	-	-	-	-	**15.31**	**9.78**	**15.31**	**9.78**
Premium Transmission Private Limited	-	-	-	-	13.31	7.78	13.31	7.78
Karun Carpets Private Limited *	-	-	-	-	2.00	2.00	2.00	2.00

* Subsequent to merger of DBH International Pvt. Ltd and Bharat Starch Products Private Limited with Karun Carpets Private Limited all the related party transactions are shown under Karun Carpets Private Limited.

49 FIRST TIME IND AS ADOPTION RECONCILIATIONS

A. Effect of Ind AS adoption on the balance sheet as at 31 March, 2020 and 1 April, 2019

(₹ in Lacs)

Particulars	Notes	As at 1 April, 2019 IGAAP	Effects of transition to Ind-AS	Ind AS	As at 31 March, 2020 IGAAP	Effects of transition to Ind-AS	Ind AS
1 Assets							
a. Property, plant and equipment	i.	18,103.52	(1,479.33)	16,624.19	16,573.82	(1,489.20)	15,084.62
b. Capital work in progress		1,025.24	-	1,025.24	551.56	-	551.56
c. Other intangible assets		9.62	-	9.62	7.50	-	7.50
d. Right to use Assets	ii.	440.12	147.24	587.36	2.61	114.97	117.58
e. Financial assets							
i. Investments		5.00	-	5.00	5.00	-	5.00
iii. Other financial assets	iii.	215.62	(1.11)	214.51	248.62	(0.48)	248.14
f. Deferred tax assets	iv.	-	-	-	-	-	-
g. Other non current assets	v.	1,996.25	0.62	1,996.87	2,236.42	(5.57)	2,230.85
		21,795.37	**(1,332.58)**	**20,462.79**	**19,625.53**	**(1,380.28)**	**18,245.25**
2 Current assets							
a. Inventories		2,105.25	-	2,105.25	2,062.27	-	2,062.27
b. Financial assets							
i. Trade receivables		2,659.83	-	2,659.83	2,576.99	-	2,576.99
ii. Cash and cash equivalents		1,931.58	-	1,931.58	22.00	-	22.00
iii. Other bank balances		33.26	-	33.26	21.48	-	21.48
iv. Other financial assets		61.08	(1.29)	59.79	268.45	-	268.45
c. Other current assets	v.	1,406.69	1.73	1,408.42	464.05	(2.39)	461.66
		8,197.69	**0.44**	**8,198.13**	**5,415.24**	**(2.39)**	**5,412.85**
Non-current assets classified as held for sale		2,482.82	-	2,482.82	4,401.52	-	4,401.52
Total assets		**32,475.86**	**(1,332.14)**	**31,143.74**	**29,442.28**	**(1,382.67)**	**28,059.62**
Equity and liabilities							
1 Equity							
a. Equity share capital		1,005.52	-	1,005.52	1,005.52	-	1,005.52
b. Other equity	vi.	19,702.46	(950.71)	18,751.75	18,768.33	(1,104.89)	17,663.44
Total equity		**20,707.98**	**(950.71)**	**19,757.27**	**19,773.85**	**(1,104.89)**	**18,668.96**
2 Liabilities							
Non-current liabilities							
a. Financial liabilities							
i. Borrowings		-	-	-	837.82	-	837.82
ii. Other financial liabilities	vii.	3.98	120.35	124.33	11.34	83.51	94.85
b. Provisions		1,914.74	-	1,914.74	2,006.78	-	2,006.78
c. Deferred tax liabilities (Net)	iv.	1,313.03	(528.65)	784.38	492.84	(389.74)	103.10
		3,231.75	**(408.30)**	**2,823.45**	**3,348.78**	**(306.23)**	**3,042.55**

(₹ in Lacs)

Particulars	Notes	As at 1 April, 2019			As at 31 March, 2020		
		IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
Current liabilities							
a. Financial liabilities							
i. Borrowings		4,452.72	-	4,452.72	1,703.31	-	1,703.31
ii. Trade payables							
Total outstanding dues of micro enterprises and small enterprises		121.16	-	121.16	106.88	-	106.88
Total outstanding dues of other than micro enterprises and small enterprises		3,258.71	-	3,258.71	3,818.13	0.01	3,818.14
iii. Other financial liabilities	vii.	65.46	26.89	92.35	242.50	28.45	270.95
b. Provisions		223.22	-	223.22	210.80	-	210.80
c. Other current liabilities		298.78	-	298.78	140.88	-	140.88
d. Current tax liabilities (Net)		116.08	-	116.08	97.15	-	97.15
		8,536.13	**26.89**	**8,563.02**	**6,319.65**	**28.46**	**6,348.11**
Total liabilities		**11,767.88**	**(381.41)**	**11,386.47**	**9,668.43**	**(277.77)**	**9,390.66**
Total equity and liabilities		**32,475.86**	**(1,332.12)**	**31,143.74**	**29,442.28**	**(1,382.66)**	**28,059.62**

B. Effect of Ind AS adoption on the Statement of Profit and loss for the year ended 31 March, 2020

(₹ in Lacs)

	Particulars	Notes	For the year ended 31 March, 2020		
			IGAAP	Effects of transition to Ind-AS	Ind AS
I	Revenue from operations	viii.	20,226.81	-	20,226.81
II	Other income		316.36	0.63	316.99
III	**Total income (I+II)**		**20,543.17**	**0.63**	**20,543.80**
IV	**Expenses**				
	Cost of material consumed		5,651.59	-	5,651.59
	Purchase of stock in trade		1,868.96	-	1,868.96
	Changes in inventories of finished goods, stock-in-trade and work-in-progress		158.35	-	158.35
	Employee benefits expense	ix.	3,782.80	49.35	3,832.15
	Finance costs	x.	715.77	11.74	727.51
	Depreciation and amortisation expense	xi.	867.23	42.14	909.37
	Other expenses	xii.	8,884.84	(37.99)	8,846.85
	Total expenses (IV)		**21,929.54**	**65.24**	**21,994.78**
V	**Loss before exceptional items and tax (III-IV)**		(1,386.37)	(64.61)	(1,450.98)
VI	**Exceptional items (loss) / gain**		(563.05)	-	(563.05)
VII	**Loss before tax (V-VI)**		**(1,949.42)**	**(64.61)**	**(2,014.03)**
VIII	**Tax expense**				
	Current tax		-	-	-
	Income tax expense related to earlier year		(195.10)	-	(195.10)
	Deferred tax	iv.	(820.19)	(126.50)	(693.69)
	Total tax expenses		**(1,015.29)**	**(126.50)**	**(888.79)**
IX	**Loss for the year**		**(934.13)**	**(191.11)**	**(1,125.24)**
X	**Other comprehensive income**				
	Items that will not be reclassified to profit or loss	ix.			
	i. Re-measurement of defined benefit plans		-	49.35	49.35
	ii. Income tax relating to items that will not be reclassified to profit or loss		-	12.42	12.42
			-	**36.93**	**36.93**
XI	**Total comprehensive income for the year (IX+X)**		**(934.13)**	**(154.18)**	**(1,088.31)**

C. Reconciliation of total equity as at 31 March, 2020 and 1 April, 2019 (₹ in Lacs)

Particulars	As at 31 March, 2020	As at 1 April, 2019
Total equity (shareholders' fund) under previous GAAP	19,773.85	20,707.98
Adjustment:		
i. Ind AS impact on lease	(5.39)	-
ii. Ind AS impact on security deposit	(0.04)	(0.04)
iii. Ind AS impact on site restoration	(1,489.20)	(1,479.33)
iv. Ind AS impact on deferred tax	389.74	528.66
Total equity under Ind AS	**18,668.96**	**19,757.27**

D. Reconciliation of total comprehensive income for the year ended 31 March, 2020 (₹ in Lacs)

		Year ended 31 March, 2020
Loss as per previous GAAP		**(934.13)**
Adjustments:		
Effect of amotisation income on security deposit		0.63
Effect of recognizing actuarial loss on employee defined benefit liability under other comprehensive income	ix.	(49.35)
Effect of Finance cost on leases as per new IND AS	x.	(11.74)
Effect of depreciation charged due to new IND AS and amortisation of site restoration	xi.	(42.14)
Effect of rent expenses due to new IND AS	xii.	37.99
Effect of Deferred tax adjustment	iv.	(126.50)
Total effect of transition to Ind AS		**(191.11)**
Loss for the year as per Ind AS		**(1,125.24)**
Other comprehensive for the year (net of tax)		36.93
Total comprehensive income under Ind AS		**(1,088.31)**

E. Effect of Ind AS adoption on statement of cash flow for the year ended 31 March, 2020

Particulars	For the year ended 31 March, 2020 IGAAP	Effects of transition to Ind-AS	Ind AS
Net cash flows from operating activities	587.68	-	587.68
Net cash flows from investing activities	(126.37)	-	(126.37)
Net cash flows from financing activities	(2,370.89)	-	(2,370.89)
Net increase (decrease) in cash and cash equivalent	**(1,909.58)**	**-**	**(1,909.58)**
Cash and cash equivalent as at 1 April,2019	**1,931.58**	**-**	**1,931.58**
Cash and cash equivalent as at 31 March, 2020	**22.00**	**-**	**22.00**

F. Analysis of cash and cash equivalents as at 31 March, 2020 and as at 1 April, 2019 for the purpose of statement of cash flow under Ind AS

(₹ in Lacs)

	As at 31 March, 2020	As at 1 April, 2019
Cash and cash equivalent for the purpose of statement of cash flows as per previous GAAP	22.00	1,931.58
Adjustment:	-	-
Cash and cash equivalent for the purpose of statement of cash flows under Ind AS	**22.00**	**1,931.58**

Notes to the reconciliations

i. The Company has recognised the site restoration expenses which have not been amortised in the previous GAAP, however the amortisation impact of the same has been recognised since inception.

ii. Right to use recognised as adoption of new Ind AS 116 become effective from 1 April 2019, in previous GAAP, rent directly charged in profit and loss account.

iii. The Company has taken the fair value impact on security deposit.

iv. Company has recognised the deferred tax assets on the site restoration on land and net value of lease obligation. Under the previous GAAP, rent were forming part of the profit or loss for the year.

v Due to adoption of Ind AS, Company has to take the borrowing in books of account net of processing fees. In current assets the Company has transfer the processing fees which are include in prepayments are transfer to borrowings.

vi. The Company have recognised the site restoration expenses which have not been amortised in the previous GAAP, however the amortisation impact of the same have been recognised since inception, therefore the opening impact as on 1 April 2021 is considered in retained earning directly net of deferred tax.

vii. The Company has recognised the lease obligation as adoption of Ind AS 116 become effective from 1 April 2019.

viii. Other income are including the income on security deposit which value on fair value.

ix **Remeasurement of post-employment benefit obligations and Deferred tax.**

Under Ind AS, measurements Actuarial gains and losses are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Correspondingly deferred tax adjusted in Other comprehensive income and statement of profit and loss. There is no impact on the total equity as at 31 March, 2020.

x The impact of interest on lease obligation as per Ind AS 116 taken in the finance cost.

xi The impact of amortisation of Right to use assets and site restoration have been taken in the depreciation and amortisation expenses.

xii Due to adoption of IND AS 116, rent has been reduced from other expenses and taken the depreciation and finance cost in profit and loss.

50 EVENTS AFTER THE REPORTING PERIOD

There are no event observed after the reported period which have an impact on the Company's operation.

51 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved for issue by Board of Directors on 25 May, 2021.

For **S. N. Dhawan & CO LLP**
Chartered Accountants
Firm Registration No. 000050N/N500045

Sd/-
Rajeev Kumar Saxena
Partner
Membership No. 077974

Place: Noida
Date: 25 May 2021

For **and on behalf of the Board of Directors of EICL Limited**

Sd/-
Suresh Kumar Jain
Director
DIN : 00003500

Sd/-
Vijay D Rai
Director
DIN : 00075837

Sd/-
Bhagwandas Bhojwani
Chief Executive Officer

Sd/-
Mahendra Kumar Gupta
Chief Financial Officer

Sd/-
Shalini Chawla
Company Secretary
Membership No. 22060

Place: Gurugram
Date: 25 May 2021