Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

1. CORPORATE INFORMATION

HSIL Limited (the 'Company') is a public limited company incorporated in India. The registered office of the Company is situated in Kolkata and the corporate office is in Gurugram. The Company is into the business of manufacturing and selling of Sanitary ware, faucets and pipes under Building products segment and Container Glass bottles, PET bottles and security caps and closure under Packaging products segment. The Company's shares are listed on the National Stock Exchange of India Limited and BSE Limited.

2. APPLICATION OF NEW AND REVISED INDIAN ACCOUNTING STANDARD ("IND AS")

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

2.1 Recent accounting pronouncements

A. Application of New Accounting Pronouncements

The Company applied for the first-time amendments to the following standards from 1 April 2019.

i) Ind AS 116, Leases

Effective 1 April, 2019, the Company has adopted Ind AS 116 "Leases" and applied to its Lease contracts existing on April 1, 2019, using the modified retrospective method (simplified approach). On transition date i.e. 1 April 2019, the Company has recognised Right of Use Assets (ROU) and equivalent lease liability (adjusted by the amount of previously recognised prepayments relating to that lease). Accordingly, the comparatives for the year ended 31 March, 2019 have not been retrospectively adjusted.

ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:

The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

iii) Amendment to Ind AS 12, Income Taxes:

The amendment clarifies that an entity shall recognise income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. Further, Dividend Distribution Tax (DDT) is not applicable with effective from 1 April, 2020, hence Income tax consequences related to DDT no more payable by the Company from financial year 2020-21.

iv) Amendment to Ind AS 23, Borrowing Costs:

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company's existing policy is in line with these amendments and there is no effect on its Financial Statements.

B. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. Till the date of approval of this financial statements there is no such notification which is made applicable from 1 April, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

3.1 Statement of compliance with Indian Accounting Standards (Ind AS)

The financial statements of the Company have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the financial statements for the year ended 31 March 2020 are prepared complying applicable Ind AS.

The financial statement of HSIL Limited as at and for the year ended 31st March, 2020 (including comparative) were approved and authorised for issue by the Board of Directors on 10 June 2020.

3.2 Historical cost convention

These financial statements have been prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value.

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for the year ended 31 March 2020

3.3 Business combinations

Business combinations involving entities under common control are accounted for using the pooling of interest's method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

3.4 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

3.5 Revenue recognition

Revenue from contracts with customers is recognised on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. Revenue is recognised net of sales reductions such as discounts and sales incentives granted. This variable consideration is estimated based on the expected value of outflow.

Sale of products:

Revenue from the sale of products is recognised when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

Sales-related warranties associated with the goods are integral to sales price and cannot be purchased separately, hence they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Company accounts for warranties in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Rendering of services:

Revenue from services is recognised over time by measuring progress towards satisfaction of performance obligation for the services rendered.

Interest and dividends

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive payment is established

3.6 Leases

The Company has adopted Ind AS 116-Leases w.e.f. 1 April, 2019, using the modified retrospective method (simplified approach). The Company has applied the standard to its lease contracts existing on the date of initial application (1 April, 2019). The Company recorded the lease liability at the present value of the future lease payments as on initial application date of standard i.e. 1 April 2019 and Right of Use Assets (ROU) with corresponding amount. Accordingly, previous period information has not been restated and no adjustment in retained earning has been made.

The Company's lease asset classes primarily consist of leases for Land and Buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently re-measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is re-measured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The re-measurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

3.7 Foreign currency transactions and translations

Initial recognition

The Company's financial statements are presented in INR, which is also the Company's functional currency. Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Treatment of exchange difference

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

3.8 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 capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred and reported in finance cost.

3.9 Government grants

The Company received refundable government loans at below market rate of interest which are accounted in accordance with the recognition and measurement principles of Ind AS 109, Financial Instruments. The benefit of below- market rate of interest is measured as the difference between the initial carrying value of loan determined in accordance with Ind AS 109 and the proceeds received. It is recognised as income when there is reasonable assurance that the Company will comply with all necessary conditions attached to the loans. Income from such benefit is recognised on a systematic basis over the period of the loan during which the Company recognises interest expense corresponding to such loans.

The Company is entitled to subsidies from government in respect of certain government schemes.

Income from subsidies is recognised on reasonable assurance and a systematic basis over the periods in which the related costs that are intended to be compensated by such subsidies are recognised.

3.10 Employee benefits

Employee benefits include provident fund, pension fund, gratuity and compensated absences.

Defined contribution plans

The Company's contribution to provident fund and pension fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees. The Company has no legal or constructive obligation to pay contribution in addition to its fixed contribution. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

the Central Government under Employees Provident Fund and Misc. Provisions Act, 1952 and short fall, if any, shall be made good by the Company.

In respect of certain employee's contributions are made to a trust administrated by the Company/employees.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using 'the Projected Unit Credit method', with actuarial valuations being carried out at each Balance Sheet date. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are allowed to carried forward over a period in excess of 12 months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date out of which the obligations are expected to be settled.

3.11 Taxation

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognises MAT Credit as an asset, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement".

The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period. The MAT Credit Entitlement is disclosed under the head 'Deferred tax liabilities (net)'.

Deferred tax

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although Ind AS 12, Income Taxes, specifies limited exemptions.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit or loss, except

Significant Accounting Policies and Other Explanatory Information to the Financial Statements
for the year ended 31 March 2020

where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.12 Operating cycle

Based on the nature of products/activities of the Company and the normal time between purchase of raw materials and their realisation in cash or cash equivalents, the Company has determined its operation cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3.13 Operating expenses

Operating expenses are recognised in statement of profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Company incurs an obligation, which is usually when the related goods are sold.

3.14 (a) Property, plant and equipment

Freehold land is carried at historical cost except for certain class of land which had been revalued in financial year 2009-10 and 2011-12. All other items of Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Property, plant and equipment are stated at their original cost including freight, duties, taxes and other incidental expenses relating to acquisition and installation.

The carrying amount of assets, including those assets that are not yet available for use, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, recoverable amount of asset is determined. An impairment loss is recognised in the statement of profit and loss whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognised.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises the new part and is depreciated accordingly. Further, when major overhauling/ repair are performed, the cost associated with this is capitalised, if the recognition criteria are satisfied, and is then depreciated over the remaining useful life of asset or over the period of next overhauling due, whichever is earlier. All other repair and maintenance costs are recognised in the statement of profit and loss as and when incurred.

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.

(b) Intangible assets

Intangibles are stated at cost less accumulated amortisation and impairment losses (if any). Cost related to technical assistance for new projects are capitalised.

(c) Capital work-in-progress

Expenditure incurred during the period of construction, including all direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment. Capital work-in-progress includes capital inventory.

3.15 Depreciation and amortisation

Depreciation is charged on a pro-rata basis on the straight line method at rates prescribed in Schedule II to the Companies Act, 2013 and is charged to the statement of profit and loss. Freehold land is not depreciated.

The estimated useful life of the items of property, plant and equipment are as follows:

Asset class	Useful life
Property, plant and equipment	
Plant and machinery	7.5-25 years*
Buildings	10-60 years
Furniture and fixtures	10 years
Office equipment	5 years
Computer	3-6 years
Vehicles	8 years**
Intangible assets	
Technical know-how	10 years
Software	6 years

* Furnaces, part of the glass plant of the Company, includes in plant and machinery, are depreciated over a life of 6.5 years which is different from life prescribed in Schedule II of the Act, based on independent chartered engineer certificate.

** Vehicles are being depreciated using written down value method as per life of 8 years mentioned in Schedule II of the Act.

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for the year ended 31 March 2020

3.16 Impairment of property, plant and equipment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

3.17 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/loss before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.19 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Costs of inventories are determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3.20 Provisions and contingencies

A provision is recognised in the financial statements where there exists a present obligation as a result of a past event, the amount of which can be reliably estimated, and it is probable that an outflow of resources would be necessitated in order to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes unless the outflow of resources is considered to be remote. Contingent assets are neither recognised nor disclosed in the financial statements.

3.21 Equity, reserves and dividend payments

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings include current and prior period retained profits. All transactions with owners of the Company are recorded separately within equity.

Dividend distribution payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

3.22 Earnings per share

Basic earnings or loss per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings or loss per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.23 Fair value measurement

The Company measures financial instruments such as investments in mutual funds, investment in certain equity shares etc. at fair value at each balance sheet date.

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for the year ended 31 March 2020

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date.

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.24 Financial instruments

I. Financial assets

a. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset, which are not at fair value through profit and loss, are added to fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

b. Subsequent measurement

(i) Financial assets carried at amortised cost

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

(ii) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset which is not classified in any of the above categories are subsequently fair valued through statement of profit and loss.

c. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets measured at amortised cost and assets measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 41 details how the Company determines whether there has been a significant increase in credit risk.

d. Derecognition of financial assets

A financial asset is derecognised when:

- The Company has transferred the right to receive cash flows from the financial assets or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity transfers the financial asset, it evaluates the extent to which it retains the risk and rewards of the ownership of the financial assets. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the entity retains substantially all the risks and rewards of ownership of the financial asset, the entity shall continue to recognise the financial asset.

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

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II. Financial liabilities

a. Initial recognition and subsequent measurement

All financial liabilities are recognised initially at fair value and in case of borrowings and payables, net of directly attributable cost.

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. Changes in the amortised value of liability are recorded as finance cost.

III. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realisation on future date.

IV. Offsetting of financial instruments

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

3.25 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 42.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

3.26 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when thefinancial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Estimation of defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(ii) Estimation of current tax and deferred tax

Management judgment is required for the calculation of provision for income - taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome

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which could lead to adjustment to the amounts reported in the financial statements.

(iii) Useful lives of depreciable assets

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

(iv) Impairment of trade receivables

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is recognised based on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(v) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (refer note 42).

(vi) Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

3.27 Assets Held for Sale:

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all the following criteria are met:

(i) decision has been made to sell,

(ii) the assets are available for immediate sale in its present condition,

(iii) the assets are being actively marketed and

(iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of its carrying value and fair value less costs to sell.

Non-current assets held for sale are not depreciated or amortised.

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NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

(₹ in lakh)

Description of assets	Land - Freehold	Land - Leasehold	Right to Use - Land	Buildings	Leasehold improvements	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
I. Gross block											
Balance as at 31st March 2018	48,978.62	7,689.53	-	39,911.42	807.53	88,729.66	991.10	6,011.93	1,424.76	3,403.38	1,97,947.93
Transfer due to Scheme as on 1st April,2018 (refer note no. 55)	-	-	-	-	(641.78)	(1,458.02)	(556.00)	(3,997.35)	(767.49)	(435.07)	(7,855.71)
Additions	71.97	10.22	-	6,241.46		28,068.29	133.11	239.44	65.10	1,519.66	36,349.25
Disposals/adjustment	(1.14)	-	-	(82.04)	-	(1,208.11)	97.41	(7.35)	(7.62)	(572.54)	(1,781.39)
Balance as at 31 March 2019	**49,049.45**	**7,699.75**	**-**	**46,070.84**	**165.75**	**1,14,131.82**	**665.62**	**2,246.67**	**714.75**	**3,915.43**	**2,24,660.08**
Reclassification pursuant to adoption of Ind AS 116	-	(7,699.75)	7,699.75	-	-	-	-	-	-	-	-
Additions	11.50	-	477.98	1,235.05	-	18,410.33	97.61	97.07	71.80	990.30	21,391.64
Disposals/adjustment	-	-	(6,612.48)	(82.25)	-	(8,539.42)	(68.68)	(19.87)	(141.65)	(861.71)	(16,326.06)
Balance as at 31 March 2020	**49,060.95**	**-**	**1,565.25**	**47,223.64**	**165.75**	**1,24,002.73**	**694.55**	**2,323.87**	**644.90**	**4,044.02**	**2,29,725.66**
II. Accumulated depreciation and amortisation											
Balance as at 31st March 2018	-	54.84	-	4,156.00	290.52	24,535.20	495.67	1,701.83	661.96	1,136.35	33,032.37
Transfer due to Scheme as on 1st April,2018 (refer note no. 55)					(170.37)	(131.93)	(323.50)	(981.95)	(445.95)	(136.66)	(2,190.36)
Depreciation and amortisation charge for the year	-	91.64	-	1,682.45	1.49	10,371.79	100.58	242.97	109.33	681.87	13,282.12
Disposals/adjustment	-	-	-	(21.89)	(0.08)	(546.60)	13.26	(6.66)	(6.81)	(401.49)	(970.27)
Balance as at 31 March 2019	**-**	**146.48**	**-**	**5,816.56**	**121.56**	**34,228.46**	**286.01**	**956.19**	**318.53**	**1,280.07**	**43,153.86**
Reclassification pursuant to adoption of Ind AS 116	-	(146.48)	146.48	-	-	-	-	-	-	-	-
Depreciation and amortisation charge for the year	-	-	54.93	1,745.20	1.70	11,155.18	105.78	238.79	169.63	744.06	14,215.27
Disposals/adjustment	-	-	(145.75)	(8.05)	-	(7,408.85)	(68.68)	(22.66)	(138.72)	(519.28)	(8,312.00)
Balance as at 31 March 2020	**-**	**-**	**55.66**	**7,553.71**	**123.26**	**37,974.79**	**323.10**	**1,172.32**	**349.44**	**1,504.85**	**49,057.13**
Net block (I-II)											
Balance as at 31 March 2020	**49,060.95**	**-**	**1,509.59**	**39,669.93**	**42.49**	**86,027.94**	**371.45**	**1,151.55**	**295.46**	**2,539.17**	**1,80,668.53**
Balance as at 31 March 2019	**49,049.45**	**7,553.27**	**-**	**40,254.28**	**44.19**	**79,903.36**	**379.61**	**1,290.48**	**396.22**	**2,635.36**	**1,81,506.22**

Note :

1. Refer note 21 and 26 for details of property, plant and equipment pledged as security by the Company.
2. Capital work-in-progress mainly comprises of cost incurred on building, plant and equipments etc. which are currently under construction and borrowing cost capitalised ₹ Nil (previous year ₹ 300.24 lakh)
3. In the current year ₹ Nil (previous year gain of ₹ 252.80 lakh) has been capitalised to the cost of property, plant and equipment on account of exchange differences arised from translation of long-term foreign currency monetary items.
4. Building includes carrying amount of ₹ 6614.99 lakh (previous year ₹ 6863.84 lakh) constructed on leasehold land.
5. Possession awaited of 2740 sq. mtr., part of land.
6. Land having carrying value of ₹ 17191.01 lakh (previous year ₹ 17191.01 lakh), mutation is pending in the name of company.
7. Borrowing cost capitalised ₹ Nil (previous year ₹ 418.31 lakh).

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 5 - GOODWILL

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Gross carrying value	1,073.02	2,473.04

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period

(₹ in lakh)

Goodwill	Amount
Balance as at 1 April 2018	2,694.22
Impairment for the year	221.18
Balance as at 31 March 2019	**2,473.04**
Impairment for the year	1,400.02
Balance as at 31 March 2020	**1,073.02**

Allocation of goodwill to cash generating units:

For the purpose of impairment testing, goodwill is allocated to the Garden Polymer of Packaging Product Division which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes, which is not higher than the Company's operating segments.

The Company tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash generating units ("CGU") is determined from value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. These assumptions have been determined in light of the economic environment which has resulted in more conservative estimates about the future. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. (A reduction in the availability of credit has led to an increase in the cost of capital and therefore, the discount rate applied to future cash flows has increased.) Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Company has conducted a sensitivity analysis on the impairment test of CGU carrying value. Change in the discount rate and growth rate by +/- 1% points would not impact in carrying value of goodwill (with other factors remains constant).

Value in use has been determined by discounting the future cash flows generated from the continuing use of the unit. The calculation of the value in use is based on the following key assumptions :

Particulars	As at 31 March 2020	As at 31 March 2019
Discount rate	13.0%	16.5%
Terminal value of growth rate	5%	5%

The estimated recoverable amount of goodwill related to unit Garden Polymer of Packaging Product Division was lower than the carrying amount at year end, consequently the company provided for impairment loss of ₹ 1400.02 lakh (Previous Year ₹ 221.18 lakh)

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 6 - OTHER INTANGIBLE ASSETS

(₹ in lakh)

Description of assets	Technical know-how	Trade mark	Computer software	Total
I. Gross block				
Balance as at 31 March 2018	**103.47**	**94.62**	**789.92**	**988.01**
Transfer due to Scheme as on 1 April, 2018 (refer note no. 55)	**-**		**(503.75)**	**(503.75)**
Additions	-	44.25	2.06	46.31
Disposals	-	-	-	-
Balance as at 31 March 2019	**103.47**	**138.87**	**288.23**	**530.57**
Additions	-	39.90	9.16	49.06
Disposals	-	-	-	-
Balance as at 31 March 2020	**103.47**	**178.77**	**297.39**	**579.63**
II. Accumulated amortisation				
Balance as at 31st March 2018	**63.94**	**0.07**	**426.93**	**490.94**
Transfer due to Scheme as on 1 April, 2018 (refer note no. 55)			**(290.41)**	**(290.41)**
Amortisation charge for the year	21.19	18.76	40.15	80.10
Disposals	-	-	-	-
Balance as at 31 March 2019	**85.13**	**18.83**	**176.67**	**280.63**
Amortisation charge for the year	18.34	26.83	27.20	72.37
Disposals	-	-	-	-
Balance as at 31 March 2020	**103.47**	**45.66**	**203.87**	**353.00**
Net block (I-II)				
Balance as on 31 March 2020	**-**	**133.11**	**93.52**	**226.63**
Balance as on 31 March 2019	**18.34**	**120.04**	**111.56**	**249.94**

NOTE 7 - NON CURRENT INVESTMENTS

(₹ in lakh)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
A. Fair value through other comprehensive income (FVOCI)				
I. Quoted investments (fully paid up)				
Investments in equity instruments				
Neycer India Limited (face value ₹ 10 each)	125	0.01	125	0.01
Quoted investments (I)		**0.01**		**0.01**
II. Unquoted investments (fully paid-up)				
Investments in equity instruments				
Andhra Pradesh Gas Power Corporation Limited (face value ₹ 10 each)	8,04,000	1,165.48	8,04,000	1,999.49
Indian Plumbing Skills Council (face value ₹ 10 each)	60,000	6.00	60,000	6.00
Swastik Sanitarywares Limited (face value ₹ 10 each)	50	0.01	50	0.01
Unquoted investments (II)		**1,171.49**		**2,005.50**
Investments carried at FVOCI (AI+AII)		**1,171.50**		**2,005.51**
Total investments carried at fair value [A]		**1,171.50**		**2,005.51**
B. Investments carried at amortised cost				
Unquoted				
Government Securities				
National Savings Certificates*		1.62		1.62
Total investments carried at amortised cost [B]		**1.62**		**1.62**
Total investments (A+B)		**1,173.12**		**2,007.13**

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 7 - NON CURRENT INVESTMENTS (CONTD.)

(₹ in lakh)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Other disclosures				
Aggregate book value of quoted investments		0.01		0.01
Aggregate amount of market value of quoted investments		0.01		0.01
Aggregate amount of unquoted investments		1,173.11		2,007.12

* Deposited with government authorities

NOTE 8 - NON-CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good by the management)		
Security deposits	1,677.82	1,243.75
	1,677.82	**1,243.75**

NOTE 9 - NON-CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good by the management)		
Other bank balances		
- Fixed deposit with maturity more than 12 months	83.61	27.93
	83.61	**27.93**

NOTE 10 - INCOME-TAX ASSETS (NET)

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance income-tax (net)	6,012.27	6,789.41
	6,012.27	**6,789.41**

NOTE 11 - OTHER NON-CURRENT ASSETS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good by the management)		
Capital advances	1,750.41	1,874.11
Prepaid expenses	345.07	323.43
Balances with government authorities	1,112.27	2,377.64
	3,207.75	**4,575.18**

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 12 - INVENTORIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(As taken and certified by the management ,valued at cost or net realisable value)*		
Raw materials	10,135.38	6,539.51
Work-in-progress	2,574.11	2,417.98
Finished goods	24,547.52	16,387.87
Stock-in-trade of goods acquired for trading	15.85	-
Stores and spares	2,444.38	2,128.58
Loose tools	6.89	7.15
Packing material	644.78	1,097.71
Oil, fuel, lubricant and others	428.63	487.70
	40,797.54	**29,066.50**
Included above, goods-in-transit:		
Raw materials	1,057.81	-
	1,057.81	**-**

Notes

*Refer note 26 for information on inventory pledged as security by the Company.

NOTE 13 - TRADE RECEIVABLES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good*	29,303.69	32,312.82
Credit impaired	1,246.03	1,061.88
	30,549.72	**33,374.70**
Less: Provision for impairment/expected credit loss	1,246.03	1,061.88
	29,303.69	**32,312.82**

* Includes ₹ 1761.82 lakh (previous year ₹ 265.50 lakh) receivable from Somany Home Innovation Limited and ₹ 1640.73 (previous year ₹ 8889.29 lakh) receivable from Brilloca Limited, post implementation of Scheme (Refer note 55).

Movement in the allowance for credit impaired

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at beginning of the year	1,061.88	2,672.79
Transfer due to Scheme as on 1 April, 2018 (refer note 55)	-	(1,659.97)
Expected credit loss provided for during the year (refer note 39)	223.84	49.06
Amounts written back/written off during the year (net)	(39.69)	-
	1,246.03	**1,061.88**

NOTE 14 - CASH AND CASH EQUIVALENTS

(₹ in lakh)

Particulars	As at 31 March 2019	As at 31 March 2019
Balances with banks	347.24	3,498.82
Cheques, drafts on hand	2,056.24	-
Cash in hand	90.57	52.00
	2,494.05	**3,550.82**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 15 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Earmarked balances with banks		
Unclaimed dividend accounts *	121.93	125.90
Other bank balances		
Held as margin money in fixed deposits	153.78	252.22
Fixed deposits with original maturity of more than three months but less than twelve months#	1,979.92	4.74
	2,255.63	**382.86**

Note

* Not due for deposit in the investor education and protection fund

#Includes ₹ 1000 lakh (previous year Nil) kept as lien with a bank against credit exposure on account of derivative/forward contract notional limit.

NOTE 16 - CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good by the management)		
Advance to body corporate	-	18.00
Other loans and advances	1.61	-
	1.61	**18.00**

NOTE 17 - CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good by the management)		
Derivatives instruments designated as hedges		
- Foreign exchange forward contracts at fair value	2,138.57	1,328.46
Other financial assets		
- Interest accrued on deposits, loans and advances	105.80	62.10
Other Receivable*	-	1,032.37
	2,244.37	**2,422.93**

* Includes ₹ Nil (previous year ₹ 140.02 lakh) receivable from Somany Home Innovation Limited, ₹ Nil (previous year ₹ 892.35 lakh) receivable from Brilloca Limited post implementation of Scheme (Refer note 55).

NOTE 18 - OTHER CURRENT ASSETS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(unsecured and considered good by the management)		
Prepaid expenses	400.62	363.54
Balances with government authorities	4,087.60	4,118.37
Others		
- Advance to suppliers	2,085.05	704.88
- Employee advances	48.86	68.04
- Other current assets	1,042.14	262.48
Doubtful advances	18.50	18.50
Less : Provision for doubtful advances	(18.50)	(18.50)
	7,664.27	**5,517.32**

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 19 - EQUITY SHARE CAPITAL

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	(₹ in lakh)	No. of shares	(₹ in lakh)
Authorised:				
Equity shares of ₹ 2 each	**11,12,50,000**	**2,225.00**	**11,12,50,000**	**2,225.00**
Issued:				
Equity shares of ₹ 2 each	7,23,00,220	1,446.00	7,23,00,220	1,446.00
Subscribed and fully paid:				
Equity shares of ₹ 2 each	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Forfeited shares	-	0.04	-	0.04
	7,22,96,395	**1,445.97**	**7,22,96,395**	**1,445.97**

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	(₹ in lakh)	No. of shares	(₹ in lakh)
Equity shares outstanding at the beginning of the year	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Add: Shares issued during the year	-	-	-	-
Equity shares outstanding at the end of the year	**7,22,96,395**	**1,445.93**	**7,22,96,395**	**1,445.93**

(b) Terms and rights attached to equity shares

The Company has issued only one class of equity shares having par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in 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 settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) List of shareholders holding more than 5% of the equity share capital of the Company as at: *

Particulars	31 March 2020		31 March 2019	
	No. of shares	% of holding	No. of shares	% of holding
Somany Impresa Limited (Formerly Known as Paco Exports Limited)	3,28,95,000	45.50	2,92,95,000	40.52
HDFC Trustee Company Limited	22,02,760	3.05	50,13,460	6.93
Sundaram Mutual Fund	19,40,266	2.68	39,03,407	5.40

* Information is furnished as per shareholder register as at the year end.

(d) There are no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and bought back during the last 5 years.

(e) The above figure of subscribed and paid up capital includes application and allotment money received on forfeited shares amounting to ₹ 0.04 lakh (Previous year ₹ 0.04 lakh).

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 20 - OTHER EQUITY

(₹ in lakh)

Particulars	Reserves and surplus						Other comprehensive income		Total
	Capital reserve	Securities premium	General reserve	Capital redemption reserve	Business reconstruction reserve	Retained earnings	Actuarial gain / (loss)	FVOCI - equity instruments	
Balance as at 31 March 2018 / 1 April 2018	**80.92**	**45,497.87**	**24,903.64**	**15.00**	**19,398.19**	**55,482.66**	**43.98**	**2,058.91**	**1,47,481.17**
Transfer due to Scheme (refer note 55)	-	(8,684.89)	(2,449.08)	-	(0.00)	(9,117.35)	(7.23)	-	(20,258.55)
Cancellation of Investment pursuant to demerger Scheme	(10.00)								(10.00)
Balance as at 1 April 2018	**70.92**	**36,812.98**	**22,454.56**	**15.00**	**19,398.19**	**46,365.31**	**36.75**	**2,058.91**	**1,27,212.62**
Profit for the year	-	-	-	-	-	1,527.03	-	-	1,527.03
Other comprehensive income for the year(net of income tax)	-	-	-	-	-	-	(60.71)	(807.18)	(867.89)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1,527.03**	**(60.71)**	**(807.18)**	**659.14**
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	(3,486.30)	-	-	(3,486.30)
Less: Transfer to statement of Profit and Loss during the year (refer note 5)	-	-	-	-	(221.18)	-	-	-	(221.18)
Balance as at 31 March 2019	**70.92**	**36,812.98**	**22,454.56**	**15.00**	**19,177.01**	**44,406.04**	**(23.96)**	**1,251.73**	**1,24,164.28**
Profit for the year						4,841.61			4,841.61
Other comprehensive income for the year(net of income tax)							(206.05)	(542.58)	(748.63)
Payment of dividend (including dividend distribution tax)						(2,615.40)			(2,615.40)
Less: Transfer to statement of Profit and Loss during the year (refer note 5)					(1,400.02)				(1,400.02)
Balance as at 31 March 2020	**70.92**	**36,812.98**	**22,454.56**	**15.00**	**17,776.99**	**46,632.25**	**(230.01)**	**709.15**	**1,24,241.84**

Nature and purpose of other reserves:

1. Capital Reserve was created on amalgamation of certain entities/undertaking into the Company.
2. Securities Premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.
3. General Reserve includes a sum of ₹ 10,000 lakh (previous year ₹ 10,000 lakh) transferred from Business Reconstruction Reserve which cannot be used for issuance of bonus shares and distribution of dividend.
4. Capital Redemption Reserve is created against redemption of preference shares of the Company.
5. Business Reconstruction Reserve was created in accordance with a Scheme of arrangement approved by the Hon'ble High Court of Calcutta. This reserve can neither be utilised towards issuance of bonus shares nor towards distribution of dividend.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

6. FVOCI equity instruments: The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
7. Dividend paid (including dividend distribution tax) during the year ended 31 March 2020 of ₹ 2,615.40 lakh (₹ 3/- per equity share of ₹ 2/- each) were approved for payment.

NOTE 21 - NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Measured at amortised cost		
Secured:		
Term loans from banks:		
Foreign currency loans	29,400.50	27,668.52
Rupee loans	46,324.01	41,400.00
	75,724.51	**69,068.52**
Unsecured:		
Deferred payment liabilities* #	2,912.83	3,246.90
	2,912.83	**3,246.90**
	78,637.34	**72,315.42**
Less: Current maturities of long term borrowing (refer note 28)	(5,767.66)	(1,992.29)
	72,869.68	**70,323.13**

* Net of deferred government grant (refer note 22).

Interest free and subsidised loan from state government.

Terms and conditions of outstanding borrowings are as follows:

(₹ in lakh)

Particulars	Currency	Year of maturity	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Remarks
Secured loan from bank - foreign currency loans *	US Dollars	2024-25	14,323.32	13,834.26	Refer note 1 below
Secured loan from bank - foreign currency loans *	US Dollars	2026-27	15,077.18	13,834.26	Refer note 1 below
Secured loan from bank - rupee loans **	₹	2026-27	15,000.00	15,000.00	Refer note 2 below
Secured loan from bank - rupee loans **	₹	2026-27	10,000.00	10,000.00	Refer note 2 below
Secured loan from bank - rupee loans **	₹	2023-24	5,647.06	6,400.00	Refer note 3 below
Secured loan from bank - rupee loans **	₹	2027-28	10,000.00	10,000.00	Refer note 1 below
Secured loan from bank - rupee loans **	₹	2026-27	5,676.95	-	Refer note 1 below
Unsecured Loan from others - Deferred payment liabilities ***	₹	2029-30	2,912.83	3,246.90	Refer note 4 below

* LIBOR - London Inter Bank Offer Rate : Interest rate ranging from 6 Months LIBOR+122bps to 135 bps.

** MCLR - Marginal Cost of funds based Lending Rate : Interest rate ranging from MCLR +0 bps to 60 bps.

*** Interest rate ranging from 0 to 3%.

Note:

1. Loans are secured by way of hypothecation of first pari-passu charge on movable fixed assets (both present and future) pertaining to the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. Further, this is secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties (both present and future) of glass plants of the Company situated at Sanathnagar and Bhongir in Telangana.

   Term Loans aggregating to ₹ 14,323.32 lakh (previous year ₹ 13,834.26 lakh) are repayable in 9 half yearly installments from July 2020 to July 2024.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

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Term Loans aggregating to ₹ 15,077.18 lakh (previous year ₹ 13,834.26 lakh) are repayable in 10 half yearly installments from December 2021 to June 2026.

Term Loans aggregating to ₹ 10,000 lakh (previous year ₹ 10,000 lakh) are repayable in total 32 quarterly installments from June 2020 to March 2028.

Term Loans aggregating to ₹ 5,676.95 lakh (previous year ₹ Nil) are repayable in total 10 half yearly installments from November 2021 to May 2026.

2. Loan is secured by first pari-passu charge on fixed assets of the Company located at Sitarampur, Isnapur, PO Medak District, Hyderabad, Telangana.

   Term Loans aggregating to ₹ 25,000.00 lakh (previous year ₹ 25,000.00 lakh) are repayable in total 14 half yearly installments from June 2020 to December 2026.

3. Loan is secured by first pari-passu charge by way of a mortgage over the immovable fixed assets (both present and future) of the sanitaryware plant of the Company situated at Bibinagar, Telangana.

   Term Loans aggregating to ₹ 5,647.06 lakh (previous year ₹ 64,000 lakh) are repayable in total 15 equal quarterly installments from June 2020 to December 2026.

4. Deferred payment liabilities from others (unsecured) is in respect of value added tax and central sales tax liabilities pertaining to the years 1999-2000 to 2012-2013 and are repayable by the end of financial year 31 March 2030. The outstanding amount of deferred sales tax credit is subject to assessment by sales tax authorities.

   Term Loans aggregating to ₹ 2,912.83 lakh (previous year ₹ 3,246.90 lakh) are repayable in yearly installments from June 2013 to March 2030.

5. The certain necessary steps and formalities in respect of modification of charges in pursuant to the Scheme are under precess (refer note no. 55(c)).

NOTE 22 - NON-CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred government loan	1,118.05	1,331.61
Other deposits	756.77	790.33
	1,874.82	**2,121.94**

NOTE 23 - NON-CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Long-term employee benefits (also refer note 44 (c))		
Provision for compensated absences	783.84	608.33
Provision for warranty	18.45	0.31
	802.29	**608.64**

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

Details of movement in provision for warranty (including current portion)

Particulars	(₹ in lakh)
Balance as at 1 April 2018	401.81
Transfer due to Scheme (refer note no. 55)	(401.50)
Utilised during the year	-
	0.31
Less: Current liability (refer note 30)	-
Balance as at 31 March 2019	**0.31**
Balance as at 1 April 2019	0.31
Additional provisions recognised (included in Other expenses)	18.45
Utilised during the year	(0.31)
Balance as at 31 March 2020	**18.45**

Warranty claims:

The provision for warranty claims represent the present value of best estimate of the future outflow of economic benefits that will be required under the Company obligations for warranties under the local sale of goods. The estimate has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on warranty period of certain products up to 12 years.

NOTE 24 - DEFERRED TAX LIABILITIES (NET)

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax liability arising on account of:		
Difference between book balance and tax balance of property, plant and equipment	28,718.69	26,719.42
	28,718.69	**26,719.42**
Deferred tax asset arising on account of		
Investments at fair value through OCI	617.31	325.87
Provision for doubtful debts, loans and advances	455.75	377.52
Provision for employee benefits	418.34	291.27
MAT Credit entitlement	1,791.19	497.04
Foreign exchange adjustments on external commercial borrowings	-	73.87
Carried forward Business losses	1,489.05	2,189.68
Others	295.84	275.00
	5,067.48	**4,030.26**
	23,651.21	**22,689.16**
Deffered tax adjustment due to Scheme	(16.38)	-
	23,634.83	**22,689.16**
Reconciuliation of Deferred Tax Assets/(Liabilities)		
Opening Balance	**(23,186.20)**	(21,154.21)
Transferred due to Scheme of Arrangement (refer Note no. 55)	-	(2,158.99)
MAT Credit Entitlement	497.04	-
Net Deferred Tax Assets/(Liabilities)	(22,689.16)	(23,313.20)
Deferred Tax income/(expenses) recognised in Statement of Profit and Loss during the year	(2,658.31)	(339.17)
Deferred Tax income/(expenses) recognised in Other Comprehensive Income during the year	402.11	466.17
MAT Credit Entitlement recognised during the year	1,294.15	497.04
Other Adjustments (due to Scheme of Arrangement)	16.38	
	(23,634.83)	**(22,689.16)**

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 25 - OTHER NON-CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Employee related payables	175.38	83.17
Other liabilities	5.51	5.46
	180.89	**88.63**

NOTE 26 - CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured borrowings		
From banks		
Cash credit - loans repayable on demand	2,372.84	674.06
Buyers credit	-	224.83
Working capital demand loan	18,500.00	14,300.00
	20,872.84	**15,198.89**

Details of security and term of repayment of each type of borrowing:

Secured borrowings

Cash credit facilities :

a) Cash credit facilities from banks is repayable on demand and is secured by hypothecation of all current assets including stocks and book debts, present and future, and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Buyer's credit facilities :

b) Buyer's credit facilities from banks is repayable within 12 months from the date of origination and is secured by hypothecation of all current assets including stocks and book debts and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Short term loan facilities :

c) Working capital demand loan from banks repayable within 27 days to 31 days from disbursement and is secured by hypothecation of all current assets including stocks and book debts, present and future, and further secured by second pari-passu charge on all the movable fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

d) The interest rate for the above short term borrowinga varies from 7.45% p.a. to 9.85% p.a.

e) Certain necessary steps and formalities in respect of modification of charges in pursuant to the Scheme are under process (refer note no. 55(c)).

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 27 - TRADE PAYABLES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
- Due to micro and small enterprises	1,093.70	2,034.00
- Other than micro and small enterprises	18,428.60	16,537.87
	19,522.30	**18,571.87**

Disclosure under MSME Act, 2006

Dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 to the extent identified and information available with the Company pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006, details as certified by the management are mentioned below:

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Principal amount overdue remaining unpaid to any supplier	378.92	2,034.00
Interest due thereon remaining unpaid to any supplier	84.97	69.53
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year	Nil	Nil
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil
Interest accrued and remaining unpaid	84.97	69.53
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006.	Nil	Nil

NOTE 28 - CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term borrowings (also refer note 21)	5,767.66	1,992.29
Interest accrued but not due on borrowings	441.47	576.36
Unclaimed dividend *	121.93	125.90
Earnest money deposits	27.47	90.02
Security deposits/retention money	372.11	53.68
Others		
Towards capital creditors	1,020.77	1,407.87
Employee related payables	1,910.70	2,019.46
Towards expenses payable **	4,859.69	14,755.58
Commission payable to directors	87.28	498.44
Gratuity payable (net of obligation)	510.07	166.68
Derivative payable (IRS)	951.04	380.49
Other payables	1,045.68	522.11
	17,115.87	**22,588.88**

* Not due for deposit in investors education and protection fund.

**Includes ₹ 905.16 lakh (previous year ₹ 9768.18 lakh) payable to Brilloca Limited, post implementation of Scheme. (Refer note 55)

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 29 - OTHER CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Advances received from customers	345.40	393.39
Employee related payables	6.88	56.71
Payable towards statutory dues	2,932.56	4,800.99
	3,284.84	**5,251.09**

NOTE 30 - CURRENT LIABILITIES - PROVISIONS

(₹ in lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for compensated absences	178.36	131.87
Provision for rejection and breakage	814.24	636.23
	992.60	**768.10**

Details of movement in provision for rejection and breakages

Particulars	As at 31 March 2020
Balance as at 1 April 2019	636.23
Additional provisions recognised (shown as net of revenue from operation)	321.02
Excess provision written back (refer note 31)	(143.01)
Balance as at 31 March 2020	**814.24**

NOTE 31 - i) Revenue from operations

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of goods	1,83,950.22	1,59,199.35
Sale of services	77.26	35.26
Other operating revenue @	1,879.55	1,241.77
	1,85,907.03	**1,60,476.38**
Segmentwise revenue information		
a) Building products	61,016.43	49,353.86
b) Packaging products	1,24,151.33	1,09,715.07
c) Others	1,278.15	1,407.45
Total	**1,86,445.91**	**1,60,476.38**
Less : Inter segment revenue	(538.88)	-
Total income from operations	**1,85,907.03**	**1,60,476.38**

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

ii) Unsatisfied Performance Obligation

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Aggregated amount of Transaction Price allocated to the contracts that are fully or partially unsatisfied at the end of the reporting period		
i) Sale of goods	345.40	393.39

iii) Reconciliation of contract price vis a vis revenue recognised in profit and loss statement is as follows:-

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Contract Price	**1,86,309.18**	**1,61,017.98**
a) Sale of goods	1,84,352.38	1,59,740.95
b) Sale of services	77.26	35.26
c) Other operating revenue	1,879.55	1,241.77
Adjustment:-		
Discount/Rebate	402.16	541.60
Revenue recognised in the statement of profit and loss account	**1,85,907.03**	**1,60,476.38**
@ Other operating revenues comprise of:		
Export incentives	267.23	244.53
Sundry balances and liabilities no longer required, written back (also refer note no. 30)	393.50	514.40
Insurance claims received	11.45	13.85
Scrap sales	1,163.69	439.66
Miscellaneous receipts#	43.68	29.33
	1,879.55	**1,241.77**

#Includes subsidy from state and central government of ₹ Nil lakh (previous year ₹ 8.23 lakh).

NOTE 32 - OTHER INCOME

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on financial assets	138.69	176.91
Rental income	913.43	990.26
Profit on sale of current investments (net)	-	3.36
Profit on sale of property, plant and equipment	300.08	512.78
Government grant	292.47	209.53
Management fee	147.00	59.02
Miscellaneous income*	238.40	1,966.76
	2,030.07	**3,918.62**

*Miscellaneous income includes incentive from Government of ₹ 174.02 lakh (previous year ₹ 1869.04)

NOTE 33 - COST OF MATERIALS CONSUMED

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening stock	6,539.51	5,466.58
Add: Purchases	76,163.17	61,441.30
Less: Closing stock	(10135.38)	(6,539.51)
	72,567.30	**60,368.37**

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 34 - PURCHASES OF TRADED GOODS

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sanitaryware and other products	4,602.94	-
	4,602.94	**-**

NOTE 35 - CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the end of the year:		
Finished goods	24,547.52	16.387.87
Work-in-progress	2,574.11	2,417.98
Stock-in-trade	15.85	-
	27,137.48	**18,805.85**
Inventories at the beginning of the year:		
Finished goods	16,387.87	17,011.25
Work-in-progress	2,417.98	2,375.44
Stock-in-trade	-	27,353.42
Stock in trade transfer due to Scheme (refer note 55)	-	(27,353.42)
	18,805.85	**19,386.69**
Change in stock	(8,331.63)	580.84
Stock transferred from capital work in progress to finished goods on account of capitalisation of furnace	141.74	145.72
	(8,189.89)	**726.56**

NOTE 36 - EMPLOYEE BENEFIT EXPENSE

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	20,609.47	17,982.86
Contribution to provident funds and other funds (refer note 44)*	1,172.93	1,191.01
Staff welfare expenses	965.90	926.71
	22,748.30	**20,100.58**

* Net of reimbursement received from the government under Pradhan Mantry Rojgar Protsahan Yojna scheme ₹ 38.81 lakh (previous year ₹ 62.66 lakh)

NOTE 37 - FINANCE COST

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense on financial liabilities	6,946.53	4,866.17
Other borrowing cost	401.10	1,031.42
	7,347.63	**5,897.59**

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 38 - DEPRECIATION AND AMORTISATION EXPENSE

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation and amortisation of Property, plant and equipments (refer note 4)	14,215.27	13,282.12
Amortisation of other intangible assets (also refer note 6)	72.37	80.10
Impairment of goodwill (refer note 5)	1,400.02	221.18
Transfer from business reconstruction reserve pursuant to the Scheme (refer note 53)	(1,400.02)	(221.18)
Depreciation/amortisation capitalised on assets involved in plant under construction	-	(231.48)
	14,287.64	**13,130.72**

NOTE 39 - OTHER EXPENSES

(₹ in lakh)

Particulars		For the year ended 31 March 2020	For the year ended 31 March 2019*
Power and fuel		35,228.03	34,920.39
Consumption of stores and spares		6,652.52	5,873.39
Consumption of packing materials		10,474.20	10,222.45
Consumption of loose tools		54.75	54.79
Consumption of oil, fuel and lubricants		513.94	441.80
Repairs and maintenance:			
Buildings		584.98	377.86
Plant and machinery	2,755.23		
Less: Insurance claim $	(922.17)		
Plant and machinery (net)		1,833.06	1,689.77
Others		108.42	265.76
Rent (including hire charges)		573.14	430.22
Rates and taxes		163.89	194.55
Director's sitting fees		4.25	4.20
Expenditure on ceramic and applied research centre (refer note 51)		218.31	112.45
Insurance		398.86	270.43
Travelling and conveyance		1,103.08	1,255.16
Commission on sales		52.94	69.89
Freight and forwarding charges		147.41	167.42
Advertisement and publicity		58.85	72.80
Transportation and forwarding		1,228.58	1,500.05
Sales promotion expenses		31.19	20.41
Other selling expenses		346.36	745.34
Provision for expected credit loss (refer note 13)		223.84	49.06
Provision for doubtful advances		-	18.50
Bad debts written off	39.69		
Less: Withdrawal from provision for expected credit loss	(39.69)	-	34.07
Corporate social responsibility expenditure (refer note 52)		254.77	310.25
Charity and donation		0.15	-
Loss on foreign exchange fluctuation		2,612.58	777.26
Loss on sale/disposal of property, plant and equipment	1,131.68		
Less : Insurance Claim $	(1,126.61)		
Loss on sale/disposal of property, plant and equipment (net)		5.08	16.44
Management fee		1,977.74	689.27
Miscellaneous expenses		2,222.34	1,348.17
		67,073.26	**61,932.15**

* Net of ₹ 428.65 lakh allocated (refer note no. 55)

$ Read with note no. 54

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 40 - CURRENT TAX AND DEFERRED TAX

(a) Income tax expense through profit and loss

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax:		
Current income tax charge (including Minimum alternate tax)	1,294.15	497.04
Earlier year income tax	-	372.83
	1,294.15	**869.87**
Deferred tax:		
In respect of current year origination and reversal of temporary differences	2,658.31	339.17
MAT credit entitlement	(1,294.15)	(497.04)
Total tax expense recognised in profit and loss account	**2,658.31**	**712.00**

(b) Income tax on other comprehensive income

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Deferred tax		
Re-measurement of defined benefit obligations	110.67	32.61
FVOCI financial assets	291.44	433.56
	402.11	**466.17**

(c) Numerical reconciliation between average effective tax rate and applicable tax rate :

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 34.944% (31 March 2019: 34.944%) and the reported tax expense in the statement of profit and loss are as follows:

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit before tax	**7,499.92**	**2,239.03**
Domestic tax rate for the Company	34.944%	34.944%
Income tax of the Company at given tax rate	2,620.77	782.41
Tax effect of :		
- Net of non deductible expenses and income	118.75	108.41
- Exempt income	(26.88)	(28.38)
- Incentives and concessions	(38.14)	(19.65)
- Earlier year income tax	-	372.83
Others	(16.19)	(503.62)
Income-tax recognised in statement of profit and loss	**2,658.31**	**712.00**

(d) There is no change in statutory enacted income-tax rate during the financial year.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE - 41 FINANCIAL INSTRUMENTS AND RISK REVIEW

Capital management

The Company manages its capital to be able to continue as a going concern while maximising the returns to shareholders through optimisation of the debt and equity balance. The capital structure consists of debt which includes the borrowings as disclosed in note 21 and 26 net of cash and cash equivalents as disclosed in note 14 and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings as disclosed in the statement of changes in equity. For the purpose of calculating gearing ratio, debt is defined as non current and current borrowings (excluding derivatives). Equity includes all capital and reserves of the Company attributable to equity holders of the Company. The Company is not subject to externally imposed capital requirements. The Board reviews the capital structure and cost of capital on an annual basis but has not set specific targets for gearing ratios. The risks associated with each class of capital are also considered as part of the risk reviews presented to the Audit Committee and the Board of Directors.

The following table summarises the capital of the Company

(₹ in lakh)

	31 March 2020	31 March 2019
Equity *	1,25,687.81	1,25,610.25
Liquid assets (cash and cash equivalent and current investments) (a)	2,494.05	3,550.82
Current borrowings (note 26)	20,872.84	15,198.89
Non- current borrowings (note 21 and 22)	73,987.74	71,654.74
Current maturities of non current borrowings (note 28)	5,767.66	1,992.29
Total debt (b)	**1,00,628.24**	**88,845.92**
Net debt [c = (b) - (a)]	**98,134.19**	**85,295.10**
Total capital (equity+net debt)	**2,23,822.00**	**2,10,905.35**
Gearing ratio		
Debt to equity	80%	71%
Net debt to equity ratio	78%	68%
*Equity balances also includes the business reconstruction reserve (₹ in lakh)	27,776.99	29,177.01

Categories of financial instruments

Categories of financial assets/(liabilities)

(₹ in lakh)

	Notes	31 March 2020			31 March 2019		
		Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value	Gain/(loss) to income	Gain/(loss) to equity
Financial assets measured at amortised costs							
Trade receivable	13	29,303.69	-	-	32,312.82	-	-
Loans	8,16	1,679.43	-	-	1,261.75	-	-
Other financial assets	9,17	189.41	-	-	1,122.40	-	-
Cash and bank balances	14, 15	4,749.68	-	-	3,933.68	-	-
Investments	7	1.62	-	-	1.62	-	-
Loans and other receivables		**35,923.83**	**-**	**-**	**38,632.27**	**-**	**-**
Financial assets measured at fair value							
Investments	7	1,171.50	-	(834.01)	2,005.51	-	(1,240.73)
Derivative contracts	17	2,138.57	810.11	-	1,328.46	(236.29)	-
Financial assets at fair value		**3,310.07**	**810.11**	**(834.01)**	**3,333.97**	**(236.29)**	**(1,240.73)**
Total financial assets		**39,233.90**	**810.11**	**(834.01)**	**41,966.24**	**(236.29)**	**(1,240.73)**

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

(₹ in lakh)

	Notes	31 March 2020			31 March 2019		
		Carrying value	Gain/(loss) to income	Gain/(loss) to equity	Carrying value	Gain/(loss) to income	Gain/(loss) to equity
Financial liabilities							
Financial liabilities measured at amortised cost							
Current payables	26, 27, 28	56,559.97	-	-	55,979.15	-	-
Non-current payables	22	1,874.82	-	-	2,121.94	-	-
Non-current borrowings	21	72,869.68	-	-	70,323.13	-	-
Financial liabilities measured at amortised cost		**1,31,304.47**	**-**	**-**	**1,28,424.22**	**-**	**-**
Financial liabilities measured at fair value							
Derivative liability (IRS) at fair value	28	951.04	570.55	-	380.49	(380.49)	-
Financial liabilities at fair value		**951.04**	**570.55**	**-**	**380.49**	**(380.49)**	**-**
Total financial liabilities		**1,32,255.51**	**570.55**	**-**	**1,28,804.71**	**(380.49)**	**-**
Total financial assets/(liabilities)		**(93,021.61)**	**239.56**	**(834.01)**	**(86,838.47)**	**144.20**	**(1,240.73)**

Financial risk management objective

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company is not engaged in speculative treasury activities but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

The use of any derivative is approved by the management, which provide guidelines on the acceptable levels of interest rate risk, credit risk, foreign exchange risk and liquidity risk and the range of hedging requirement against these risks.

Credit risk:

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The Company is exposed to credit risk for receivables, cash and cash equivalents, short term investments, financial guarantee and derivative financial instruments.

Cash and cash equivalents and short term investments

The Company considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. Generally the balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant deposit balances other than those required for its day to day operations.

Trade receivables

The Company extends credits to customer in normal course of the business. The Company considers the factors such as credit track record in the market of each customer and past dealings for extension of credit to the customer. The Company monitors the payment track record of each customer and outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located at several jurisdiction and industries and operate in large independent markets. The Company also takes advances and security deposits from customers which mitigate the credit risk to an extent.

The average credit period taken on sales of goods is 45 to 90 days. Generally, no interest has been charged on the receivables. Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

Before accepting any new customer, the Company uses an internal credit system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. There is a customer who represent more than 10 per cent of total net revenue from operations during the year.

The Company does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Expected credit loss :
The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit loss (%)
Not due for payment	0
Up to 6 months	0
From 6 months to 1 year	0
From 1 year to 3 years	10 to 100
More than 3 years	100

Ageing of past due trade receivables

(₹ in lakh)

Period	As at 31 March 2020	As at 31 March 2019
Not due for payment	16,726.65	19,594.74
Up to 6 months	11,854.97	12,387.93
From 6 months to 1 year	863.11	431.81
From 1 year to 3 years	675.83	530.96
More than 3 years	429.16	429.26

Ageing of impaired trade receivables

(₹ in lakh)

Period	As at 31 March 2020	As at 31 March 2019
Up to 6 months	38.17	64.90
From 6 months to 1 year *	338.96	104.40
From 1 year to 3 years	439.74	463.32
More than 3 years	429.16	429.26

* Based upon lifetime expected credit loss

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

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Financial guarantee

The Company has not given any financial guarantee.

Liquidity risk:

Liquidity risk reflects the risk that the Company will have insufficient resources to meet its financial liabilities as they fall due.

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities so that it does not breach borrowing limits.

The table below provides undiscounted cash flows towards non-derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date and, where applicable, their effective interest rates.

(₹ in lakh)

Particulars	As at 31 March 2020				
	Notes	not later than one year	later than one year and not later than five years	later than five years	Total
Financial liabilities					
Borrowings - bank loans	Note 21,26,28	26,090.29	48,076.18	22,430.88	96,597.35
Borrowings - other loans	Note 21,22,28	550.21	1,357.85	2,122.82	4,030.88
Current payables	Note 27,28	30,870.51	-	-	30,870.51
Non-current payables	Note 22	-	-	756.77	756.77
Total		**57,511.01**	**49,434.03**	**25,310.47**	**1,32,255.51**

(₹ in lakh)

Particulars	As at 31 March 2019				
	Notes	not later than one year	later than one year and not later than five years	later than five years	Total
Financial liabilities					
Borrowings - bank loans	Note 21,26,28	16,643.55	37,113.20	30,510.66	84,267.41
Borrowings - other loans	Note 21,22,28	547.63	1,568.66	2,462.23	4,578.52
Current payables	Note 27,28	39,168.46	-	-	39,168.46
Non-current payables	Note 22	-		790.32	790.32
Total		**56,359.64**	**38,681.86**	**33,763.21**	**1,28,804.71**

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including :

Forward foreign exchange contract to hedge the exchange rate risk arising on the export of its products.

Forward foreign exchange interest rate swap contract to hedge the exchange rate risk arising on translation of payment on interest.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

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Currency risk

The Company undertakes various transactions denominated in foreign currencies, consequently, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Company transacts business primarily in Indian Rupee, USD, Euro and GBP. The Company has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. Certain transactions of the Company act as a natural hedge as a portion of both assets and liabilities are denominated in similar foreign currencies. For the remaining exposure to foreign exchange risk, the Company adopted a policy of selective hedging based on risk perception of the management. Foreign exchange hedging contracts are carried at fair value.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

(in lakh)

Particulars	Currency	As at 31 March 2020	As at 31 March 2019
Trade receivables	USD	9.37	18.75
Trade payables	USD	56.63	37.25
	EUR	3.66	2.66
	GBP	0.07	0.19
Borrowings	USD	390.00	403.25
Accrued interest	USD	4.06	4.87

(in ₹)

Currency rate	31 March 2020	31 March 2019
USD	75.3859	69.1713
EUR	83.0496	77.7024
GBP	93.0760	90.4756

Of the above foreign currency exposures, following exposures are not hedged:

(in lakh)

Particulars	Currency	As at 31 March 2020	As at 31 March 2019
Trade receivables	USD	9.37	24.37
Trade payables	USD	56.63	34.90
	EUR	3.66	3.15
	GBP	0.07	0.19
Borrowings	USD	200.00	203.25
Accrued interest	USD	4.06	2.81

Sensitivity analysis

The following table demonstrates the sensitivity of profit and equity in USD, Euro and GBP to the Indian Rupee with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the fair value of monetary assets and liabilities is given below:

(₹ in lakh)

Currency	Change in currency exchange rate	Effect on profit before tax 31 March 2020	Effect on profit before tax 31 March 2019
USD	5%	(1,663.46)	(1,475.50)
	-5%	1,663.46	1,475.50
EUR	5%	(15.19)	(10.32)
	-5%	15.19	10.32
GBP	5%	(0.34)	(0.86)
	-5%	0.34	0.86

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

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This is mainly attributable to the exposure outstanding on foreign currency receivables and payables in the Company at the end of each reporting period.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to long term debts. Its objective in managing its interest rate risk is to ensure that it always maintain sufficient head room to cover interest payment from anticipated cash flows which is regularly reviewed by the board/nominated committee as well.

The following table demonstrates the sensitivity in the interest rate with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the interest rates is given below :

(₹ in lakh)

Particulars	Change in interest rate	Effect on profit before tax 31 March 2020	Effect on profit before tax 31 March 2019
Long term borrowings from bank	0.50%	(378.62)	(345.34)
	-0.50%	378.62	345.34

Commodity risk

The Company is exposed to the movement in the price of key raw material and other traded goods in the domestic and international markets. The Company has in place policies to manage exposure to fluctuation the prices of key raw materials used in operations. The Company enter into contracts for procurement of raw material and traded goods, most of the transactions are short term fixed price contract and a few transactions are long term fixed price contracts.

NOTE 42 - FAIR VALUE MEASUREMENT

Fair valuation techniques and inputs used

Financial assets/ financial liabilities	Fair value as at (₹ in lakh)		Fair value hierarchy	Valuation technique and key input
	31 March 2020	31 March 2019		
Foreign currency forward contracts	2,138.57	1,328.46	2	Market approach
Derivative payable (IRS)	951.04	380.49	2	Market approach

Financial assets	Fair value as at (₹ in lakh)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31 March 2020	31 March 2019				
Non current investments	**1,171.50**	2,005.51	3	Discounted cash flow	1. Growth rate 2. Discount rate	Refer below

Reconciliation of level 3 fair value measurements

(₹ in lakh)

Particulars	31 March 2020	31 March 2019
	Unlisted shares irrevocably designated as at FVTOCI	Unlisted shares irrevocably designated as at FVTOCI
Opening balance	2,005.51	3,246.24
Gains or losses		
- in other comprehensive income	(834.01)	(1,240.73)
Closing balance	**1,171.50**	**2,005.51**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

Sensitivity analysis of financial instruments having fair value hierarchy of level 3

(₹ in lakh)

Particulars	Movement unobservable input(s)	Effect on fair value taking movement of unobservable inputs isolation	
		31 March 2020	31 March 2019
Growth rate	5%	582.74	29.13
	-5%	(582.74)	(28.12)
Discount rate	5%	-	(120.69)
	-5%	-	138.15

* In current year valuation is based upon market multiples of listed companies hence impact of discount rate is not given.

Other financial instruments

The carrying amount of the financial assets and liabilities carried at amortised cost is considered a reasonable approximation of fair value.

NOTE 43 - SEGMENT INFORMATION

Identification of segment:

The company operating business are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company has accordingly identified to primary business segments i.e. building products and packaging products.

The activities of the company are primarily limited with in the Indian Territories having no variation in risk and returns. Consequently, information in respect of geographical segment in not given.

Unallocated items: The corporate and other segment includes general corporate income and expense items, which not not allocated to any business segment.

(₹ in lakh)

Particulars	Building Products Division (BPD)	Packaging Product Division	Others	Inter segment elimination	Unallocated	Total
Segment revenue						
For the year ended 31 March 2020	61,016.43	1,24,151.33	1,278.15	(538.88)	-	1,85,907.03
For the year ended 31 March 2019	49,353.86	1,09,715.07	1,407.45	-	-	1,60,476.38
Other income						
For the year ended 31 March 2020	1,630.88	369.87	14.92	-	14.40	2,030.07
For the year ended 31 March 2019	1,200.74	2,535.88	2.23	-	179.77	3,918.62
Segment results						
For the year ended 31 March 2020	1,985.73	15,346.35	117.35	-	(2,601.89)	14,847.54
For the year ended 31 March 2019	2,168.26	8,980.01	215.58	-	(3,227.25)	8,136.62
Interest expenses						
For the year ended 31 March 2020						7,347.63
For the year ended 31 March 2019						5,897.59
Income tax (including deferred tax)						
For the year ended 31 March 2020						2,658.31
For the year ended 31 March 2019						712.00
Profit after tax						
For the year ended 31 March 2020						4,841.61
For the year ended 31 March 2019						1,527.03
Other information						
Segment assets						
31 March 2020	1,08,752.42	1,65,576.69	2,141.66	-	10,368.00	2,86,838.77
31 March 2019	1,14,451.39	1,54,183.85	2,222.41	-	12,962.93	2,83,820.58
Segment liabilities						
31 March 2020	63,415.64	96,161.27	696.77	-	877.28	1,61,150.96
31 March 2019	61,295.78	95,830.84	525.32	-	558.39	1,58,210.33

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

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(₹ in lakh)

Particulars	Building Products Division (BPD)	Packaging Product Division	Others	Inter segment elimination	Unallocated	Total
Capital expenditure						
For the year ended 31 March 2020	5,585.20	8,057.28	-	-	-	13,642.48
For the year ended 31 March 2019	7,528.79	21,296.10	578.69	-	1,185.93	30,589.51
Depreciation and amortisation						
For the year ended 31 March 2020	4,561.40	9,070.83	89.56	-	565.85	14,287.64
For the year ended 31 March 2019	3,553.03	8,879.72	88.71	-	609.26	13,130.72
Other non-cash expenses						
Provision for doubtful debts and advances						
For the year ended 31 March 2020	0.48	223.36	-	-	-	223.84
For the year ended 31 March 2019	18.50	49.06	-	-	-	67.56

Revenues from a customers of company's within India represents approximately ₹ 58,928.52 lakh (32.70%) {Previous year ₹ 56,042.27 lakh (34.92%)} of the company's total revenues within India.

NOTE 44 - EMPLOYEE BENEFITS

A. Defined contribution plan

The Company operates defined contribution retirement benefit plans for all eligible employees. The assets of the plans are held separately from those of the Companies in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The Company's contribution to Provident Fund and Superannuation Fund aggregating to ₹ 813.45 lakh (net of amount capitalised and reimbursement received from government) (previous year ₹ 602.95 lakh) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

B. Defined benefit plans

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company Scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity Scheme administered by the Birla Sun Life Insurance Company Limited.

Details of the Company's defined benefit plans are as follows:

(₹ in lakh)

Particulars	Funded plan	
	Gratuity	
	31 March 2020	31 March 2019
Current service cost	227.99	180.69
Net interest expense/(income)	6.52	(0.60)
Components of defined benefit costs recognised in profit or loss	234.51	180.09
Re-measurement on the net defined benefit liability		
Net actuarial (gain)/loss	250.35	116.13
Expected return on plan assets excluding interest income	66.38	(22.80)
Components of defined benefit costs recognised in other comprehensive income	316.73	93.33

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

(₹ in lakh)

Particulars	Funded plan Gratuity 31 March 2020	Funded plan Gratuity 31 March 2019
I. Net asset/(liability) recognised in the balance sheet as at 31 March		
1. Present value of defined benefit obligation	2,311.48	1,851.76
2. Fair value of plan assets	1,801.41	1,685.08
3. Deficit	510.07	166.68
4. Current portion of the above	510.07	166.68
II. Change in the obligation during the year ended 31 March		
1. Present value of defined benefit obligation at the beginning of the year	1,851.76	2,157.84
2. Transfer pursuant to Scheme of arrangment *	-	(513.56)
3. Expenses recognised in the statements of profit and loss		
- Current service cost	227.99	180.69
- Interest expense	118.57	117.12
4. Recognised in other comprehensive income		
- Actuarial (gain)/loss arising from experience adjustments	48.01	95.92
- Actuarial (gain)/loss from financial assumptions	202.35	20.20
5. Benefit payments	(137.20)	(206.45)
Present value of defined benefit obligation at the end of the year	**2,311.48**	**1,851.76**
* Refer note 55		
III. Change in fair value of assets		
1. Fair value of plan assets at the beginning of the year	1,685.08	2,032.75
Less: transfer pursuant to Scheme of arrangment*		(483.79)
2. Recognised in the statement profit and loss		
- Expected return on plan assets	112.05	117.72
3. Recognised in other comprehensive income		
- Actual return on plan assets in excess of the expected return	(66.38)	22.80
4. Contributions by employer (including benefit payments recoverable)	207.86	202.05
5. Benefit payments	(137.20)	(206.45)
6. Fair value of plan assets at the end of the year	**1,801.41**	**1,685.08**

IV. The major categories of plan assets

The Company made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') of an amount advised by the BSL. The Company was informed by BSL that the planned assets are held in growth/fixed interest bonds.

(₹ in lakh)

Particulars	Funded plan Gratuity 31 March 2020	Funded plan Gratuity 31 March 2019
V. Actuarial assumptions		
1. Discount rate	6.65%	7.60%
2. Expected rate of increase in compensation level	6.50%	6.50%
3. Attrition rate	1.00%	1.00%
4. Expected rate of return on plan assets	6.65%	7.60%
5. Mortality table	IALM 2006-08	IALM 2006-08
6. Superannuation age	58	58

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

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VI. Sensitivity analysis

(₹ in lakh)

Particulars	31 March 2020		31 March 2019	
	Change in assumption	Effect on gratuity obligation	Change in assumption	Effect on gratuity obligation
Discount rate	0.50%	(110.47)	0.50%	(81.12)
	-0.50%	120.22	-0.50%	87.90
Expected rate of increase in compensation level	0.50%	117.08	0.50%	86.27
	-0.50%	(108.59)	-0.50%	(80.51)

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

VII. Experience adjustments :

	Year ended				
	2019-20	**2018-19**	**2017-18**	**2016-17**	**2015-16**
1. Defined benefit obligation	**2,311.48**	1,851.76	2,157.84	1,968.57	1,796.49
2. Fair value of plan assets	**1,801.41**	1,685.08	2,032.75	1,889.66	1,625.38
3. Surplus/(deficit)	**(510.07)**	(166.68)	(125.09)	(78.91)	(171.11)
4. Experience adjustment on plan liabilities gain/ (loss)	**(48.01)**	(95.92)	104.39	(36.17)	(46.99)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

* Refer note 55

C. Other long-term benefits - Compensated absences (unfunded)

(₹ in lakh)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Amounts recognised in the balance sheet		
Non current (refer note 23)	783.84	608.33
Current (refer note 30)	178.36	131.87
	962.20	**740.20**
Amounts recognised in the statement of profit and loss		
Current service cost	121.35	100.77
Interest cost	56.63	49.22
Actuarial loss	168.24	106.44
Total included in employee benefits expense	**346.22**	**256.43**
Reconciliation of opening and closing balances of benefit obligations		
Change in benefit obligation		
Defined benefit obligation at the beginning of the year	740.20	945.13
Transfer pursuant to Scheme of arrangement*	-	(306.79)
Interest cost	56.63	49.22
Current service cost	121.35	100.77
Benefits paid	(124.30)	(154.57)
Actuarial loss	168.24	106.44
Defined benefit obligation at the end of the year	**962.12**	**740.20**

The average duration of remaining working life at the end of the reporting period is 16.02 years (previous year 15.94 years).

* Refer note 55

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 45 - EARNINGS PER SHARE

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit for the year attributable to owners of the Company (₹ in lakh)	4,841.61	1,527.03
Weighted average number of equity shares (nos.)	7,22,96,395	7,22,96,395
Nominal value per share (₹)	2.00	2.00
Earnings per share - basic and diluted (₹)	6.69	2.11

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

NOTE 46 - ADOPTION OF IND AS 116 LEASES

The Company has adopted Ind AS 116 w.e.f. 1st April, 2019. The Company has paid lease rentals towards short term lease amounting to ₹ 573.14 lakh for the year ended 31st March, 2020.

NOTE - 47 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Demands raised by the excise authorities against which appeals have been filed	91.19	203.35
b) Demands raised by the service-tax authorities against which appeals have been filed	141.06	5.60
c) Demands made by the sales tax authorities against which appeals have been filed	153.99	46.33
d) Demands raised by the income-tax authorities against which appeals have been filed	3.84	3.84
e) Demands raised by the sales tax authorities against which appeal filed (entry tax)	4,168.29	4,040.93
f) Claims against the Company not acknowledged as debts	529.59	2,639.09
g) Demand-cum-show cause notice raised by PF authorities	66.26	-

NOTE - 48 CAPITAL AND OTHER COMMITMENTS

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for	4,835.23	4,161.41
b) Export obligation under Export Promotion Capital Goods license of Export Import Policy	14,077.13	7,286.71
c) Bank guarantees outstanding (other than financial guarantee)	1,993.80	665.21

NOTE - 49 PAYMENT TO STATUTORY AUDITORS (EXCLUDING GOODS AND SERVICE TAX)

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
As auditors *	11.00	18.00
Other services	2.60	18.12
For reimbursement of expenses	7.70	5.92
	21.30	**42.04**

* including paid to auditors of demerged under taking.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

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NOTE 50 - RELATED PARTY TRANSACTIONS (READ WITH NOTE NO. 55)

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures" name of the related party, related party relationship, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows"

List of related parties

Relationship	Name of related party
Key management personnel (KMP)	**Executive directors**
	Dr. Rajendra Kumar Somany (Chairman & Managing Director)
	Mr. Sandip Somany (Vice Chairman & Managing Director)
	Executives
	Mr. Sandeep Sikka (ceased to be CFO w.e.f. 16 September 2019)
	Mr. Om Prakash Pandey (CFO) (w.e.f 17 September 2019)
	Ms Payal M Puri (Ceased to be CS w.e.f. 16 September 2019)
	Mr. Pulkit Bhasin (CS) (w.e.f 17 September 2019)
	Non-excecutive directors
	Mrs. Sumita Somany
	Mr. G.L. Sultania
	Mr. Ashok Jaipuria
	Mr. V.K. Bhandari
	Mr. N.G. Khaitan
	Mr. Salil Bhandari
	Dr. Rainer Siegfried Simon (ceased to be w.e.f 17th December, 2019)
	Ms. Himalyani Gupta (appointed as director from 18th March, 2020)
	Mr. Rakesh Sarin (appointed as director from 18th March, 2020)
	Mr. Anil Wadhva (appointed as director from 18th March, 2020)
Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	Textool Mercantile Private Limited
	Khaitan & Co., LLP
	G.L. Sultania & Co.
Post employment benefit plan	Somany Provident Fund Institution

The following transactions were carried out with related parties in the ordinary course of business and on arm's length basis.

(₹ in lakh)

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Transactions during the year				
Rent paid				
Textool Mercantile Private Limited	-	-	1.54	2.44
Payment for professional services (net of GST)				
Khaitan & Co. LLP	-	-	0.48	0.51
G.L. Sultania & Co.	-	-	12.50	12.50
Loan given				
- Salary Advance	-	10.00	-	-
Contribution made				
- Somany Provident Fund Institution	-	-	302.16	397.44
Remuneration to key management personnel *				
Dr. Rajendra Kumar Somany	352.43	546.83	-	-
Mr. Sandip Somany	211.79	546.83	-	-
Mr. Sandeep Sikka (ceased to be CFO w.e.f. 16 September 2019) **	90.97	222.10	-	-

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

(₹ in lakh)

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Mr. Om Prakash Pandey (CFO)(appointed w.e.f. 17 September 2019)	64.69	-		
Ms Payal M Puri (ceased to be CS w.e.f. 16 September 2019)	28.07	56.59	-	-
Mr. Pulkit Bhasin (appointed w.e.f. 17 September 2019)	6.34	-		
Commission and other payments to non-executive directors	74.74	113.56	-	-

* exclusive of provision for future liability in respect of gratuity and leave encashment which is based on actuarial valuation done on Company as a whole.

** transferred pursuant to Scheme of Arrangement.

Details of transaction between the Company and its related parties are disclosed below:

(₹ in lakh)

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and/or their relatives having transactions with the company	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Balances outstanding at the year end				
G L Sultania & Co. - Payable	-	-	1.35	-
Salary advance	-	6.67		
Remuneration payable				
Dr. Rajendra Kumar Somany	20.89	160.28	-	-
Mr. Sandip Somany	16.79	228.80	-	-
Non-executive directors	70.49	109.36	-	-
Mr. Sandeep Sikka (ceased to be CFO w.e.f. 16 September 2019)	-	6.78	-	-
Mr. Om Prakash Pandey (CFO w.e.f. 16 September 2019)	20.96	-	-	-
Ms Payal M Puri ((ceased to be CS w.e.f. 16 S1eptember 2019)	-	2.63	-	-
Mr. Pulkit Bhasin	1.02	-		

The remuneration and other transactions with members of key managerial personnel during the year was as follows:

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Short-term employee benefits #	762.87	1,408.93
Post-employment benefits		
- Defined contribution plan $	66.16	76.98
- Defined benefit plan *	-	-
- Other long-term benefits *	-	-
Total	**829.03**	**1,485.91**

Including bonus, sitting fee, commission on accrual basis and value of perquisites.

$ including provident fund, leave encashment paid and any other benefit.

* As the liability for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

Disclosure pursuant to Regulation 34(3) read with Schedule V, part A, Clause 2(2A) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.

Promoter/promoter group companies holding more than 10% of equity share capital of the Company:

(₹ in lakh)

Particulars	Nature of Transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
Somany Home Innovation Limited			
Transaction during the year	Loan Given	1.00	12.00
	Loan Repaid	19.00	-
	Interest Received	0.88	0.89
	Sale of Goods	4,463.10	1,205.79
	Rent received	146.57	81.00
	Management Fees received	32.00	59.01
Outstanding balance as the end of the year (Loan)		-	18.00
Outstanding balance as the end of the year (Receivable)		1,761.82	405.52

(₹ in lakh)

Particulars	Nature of Transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
Brilloca Limited			
Transaction during the year	Sale of Goods	58,928.52	56,042.27
	Rent received	745.31	893.00
	Management Fees received	115.00	209.00
	Management Fees paid	1,977.74	899.00
	Reimbursement of expense paid	0.87	104.00
Outstanding balance as the end of the year (Receivable)		735.58	13.46

NOTE 51 - EXPENDITURE ON CERAMIC AND APPLIED RESEARCH CENTRE

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(As certified by the management)		
Salaries, wages and bonus	80.98	71.96
Contribution to provident and other funds	6.58	6.42
Others	130.75	34.07
	218.31	**112.45**

NOTE 52 - CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of section 135 of the Act, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) Committee. In terms, with the provisions of the said Act, the Company was to spend a sum of ₹ 254.53 lakh (previous year ₹ 305.60 lakh) towards CSR activities during the year ended 31 March 2020. The CSR Committee has been examining and evaluating suitable proposals for deployment of funds towards CSR initiatives, however, the committee expects finalization of such proposals in due course. During the year ended 31 March 2020, the Company has contributed the following sums towards CSR initiatives.

(₹ in lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
	Paid in cash	Paid in cash
(i) On construction/acquisition of any asset	5.00	42.34
(ii) On purposes other than (i) above	249.77	267.91
	254.77	**310.25**

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 53

The Board of Directors of the Company has approved utilisation of Business Reconstruction Reserve (BRR) by ₹1400.02 lakh (Previous year ₹ 221.18 lakh) towards impairment of Goodwill relating to Packaging Product Division during the year ended 31st March 2020 shown under exceptional item. The aforesaid utilisation against BRR is as per the Scheme of Arrangement approved by the Hon'ble High Court of Calcutta vide its order dated 26th March 2010.

NOTE 54

Few production lines attached to one furnace at Company's Bhongir unit engaged in manufacturing of container glass, a part of Packaging Products Division, had a fire accident on night of 2nd January 2020. The unit is covered by insurance including Reinstatement Value ("RIV") & Loss of Profit ("LOP") clause and necessary preliminary surveys by insurance company have been conducted and the company has received an interim payment of ₹ 1200 lakh, against the insurance claim lodged during the ended 31st March 2020. During the financial year ended 31st March 2020, the estimated WDV value of one machinery fully damaged by the fire and cost of restoration of other machines totaling to ₹ 2048.78 lakh has been provided against claim receivable towards value of assets on RIV basis. The company has raised an interim claim towards LOP amounting to ₹ 766.22 lakh based on provisional assessment of LOP till 31st March 2020. The insurance company is in the process of assessing the total quantum of claims as stated above in line with underlying insurance policy. The company will recognize and adjust the balance value of claims, upon final agreement towards assessment & settlement of claims with Insurance Company. In the opinion of management there will not be any material adverse impact on this account on the state of affairs and profit of the company.

NOTE 55

(a) The Board of Directors of the Company in its meeting held on 10th November 2017 had approved a Composite Scheme of arrangement under section 230 to 232, read with section 66 and other applicable provisions of the Companies Act 2013 and the provisions of other applicable laws, amongst the Company, Somany Home Innovation Limited, a wholly owned subsidiary of the Company (the "Resulting Company 1" or "SHIL") and Brilloca Limited, a wholly owned subsidiary of Resulting Company 1 ("Resulting Company 2") and their respective shareholders and creditors (the "Scheme"). The Scheme provided for demerger of (i) the Consumer Products Distribution and Marketing Undertaking ("CPDM Undertaking") and Retail Undertaking of the Company into Resulting Company 1, and (ii) the Building Products Distribution and Marketing Undertaking ("BPDM Undertaking") of the Company into Resulting Company 2. The Scheme was approved by the Hon'ble Kolkata Bench of National Company Law Tribunal vide its order dated 26th June 2019, certified copy of the order dated 22nd July 2019 was filed with Registrar of Companies, West Bengal on 5th August 2019 and accordingly the Scheme has came into effect. The Scheme is effective from the Appointed Date i.e. 1 April, 2018. Accordingly due effect of the Scheme have been incorporated with effect from the Appointed Date. The Ind AS financial statements of the Company for the year ended 31st March, 2019 were approved by shareholders in its Annual General Meeting held on 2nd September 2019 and subsequently to give effect of the Scheme, the comparative financial statements for the year ended 31st March, 2019 have been restated which was approved by the Board of Directors in their meeting held on 25th Septemebr 2019. The same are pending approval in the ensuing Annual General Meeting.

In terms of the Scheme and post it has become effective from the Appointed Date 1st April 2018, all subsidiaries of the Company stands transferred to SHIL & Brilloca Limited and as on 31st March 2020, the Company does not have any subsidiary. As the Comapny is not having investment in any subsidairy, joint venture and associate during the current and in previous year too due to Scheme, accordingly preparation of Consolidated Financial Statements is not applicable.

(b) In terms of the Scheme, the equity investments of 5,00,000 equity shares of ₹ 2 each fully paid made by Company into SHIL stands cancelled, and existing shareholders of the Company (i.e. HSIL Limited) have been issued and allotted fully paid up one equity share of SHIL of face value of ₹2/- each for every one equity share held by them of the Company as on 20th August 2019 (Record Date).

(c) The certain necessary steps and formalities in respect of transfers of properties, investments, trademark & licences, approvals and modification of charges in pursuant to the Scheme are under process.

(d) Pursuant to the Scheme, the following assets and liabilities were transferred by the Company as on 1st April, 2018 (Appointed date)

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

Balance Sheet

as at 1 April, 2018

(₹ in lakh)

Particulars	Somany Home Innovation Limited	Brilloca Limited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	2,620.21	3,045.14
(b) Capital work-in-progress	73.17	3,381.55
(c) Goodwill	-	-
(d) Other intangible assets	53.05	160.30
(e) Financial assets		
(i) Investments*	157.28	40.20
(ii) Loans	431.02	158.57
(iii) Other financial assets	-	-
(f) Income-tax assets (net)	-	-
(g) Other non-current assets	165.38	899.58
Total non-current assets	**3,500.11**	**7,685.35**
Current assets		
(a) Inventories	8,570.55	18,782.88
(b) Financial assets		
(i) Investments	-	-
(ii) Trade receivables	6,409.33	20,842.61
(iii) Cash and cash equivalents	4,799.85	5,425.21
(iv) Bank balances other than (iii) above	85.46	-
(v) Loans	-	-
(vi) Other financial assets	4.81	-
(c) Other current assets	1,551.88	2,852.70
Total current assets	**21,421.88**	**47,903.40**
Total assets	**24,921.99**	**55,588.75**
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	-	-
(b) Share Suspense	1,445.93	-
(c) Other equity	8,643.39	10,169.23
Total equity	**10,089.32**	**10,169.23**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	1,500.00	3,500.00
(ii) Other financial liabilities	94.59	2,924.19
(b) Provisions	76.62	403.28
(c) Deferred tax liabilities (net)	(1,740.94)	(418.05)
(d) Other non-current liabilities	21.76	74.29
Total non-current liabilities	**(47.97)**	**6,483.71**
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	9,018.66	25,648.30
(ii) Trade payables	2,643.96	4,235.18
(iii) Other financial liabilities	2,781.69	8,511.60
(b) Other current liabilities	383.80	364.55
(c) Provisions	52.53	176.18
Total current liabilities	**14,880.64**	**38,935.81**
Total liabilities	**14,832.67**	**45,419.52**
Total equity and liabilities	**24,921.99**	**55,588.75**

* Investments represent investment in wholly owned subsidiaries transferred pursuant to Scheme of Arrangement.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 56 - FINANCIAL INSTRUMENTS BY CATEGORY

(₹ in lakh)

Particulars	31 March 2020			31 March 2019		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
Non current financial assets						
Investments	1,171.50	-	1.62	2,005.51	-	1.62
Loans	-	-	1,677.82	-	-	1,243.75
Other financial assets	-	-	83.61	-	-	27.93
Current financial assets						
Trade receivable	-	-	29,303.69	-	-	32,312.82
Cash and cash equivalents	-	-	2,494.05	-	-	3,550.82
Bank balances other than cash and cash equivalents	-	-	2,255.63	-	-	382.86
Loans	-	-	1.61	-	-	18.00
Other financial assets	-	2,138.57	105.80	-	1,328.46	1,094.47
Total financial assets	**1,171.50**	**2,138.57**	**35,923.83**	**2,005.51**	**1,328.46**	**38,632.27**
Non current financial liabilities						
Non-current borrowings	-	-	72,869.68	-	-	70,323.13
Other financial liabilities	-	-	1,874.82	-	-	2,121.94
Current financial liabilities						
Current borrowings	-	-	20,872.84	-	-	15,198.89
Trade payables	-	-	19,522.30	-	-	18,571.87
Other financial liabilities	-	951.04	16,164.83	-	380.49	22,208.39
Total financial liabilities	**-**	**951.04**	**1,31,304.47**	**-**	**380.49**	**1,28,424.22**

NOTE 57 - DIVIDEND

The Board of Directors have recommended a dividend of 150% i.e. ₹ 3/- (previous year ₹ 3/-) on equity share of ₹ 2/- each for the year ended 31st March 2020 subject to approval of shareholders in the ensuing Annual General Meeting.

NOTE 58 - IMPACT OF COVID-19

COVID-19 pandemic has caused global widespread economic and business disruption leaving uncertainties with respect to its severity, which currently cannot be reasonably ascertained. The Company has evaluated and factored in to an extent possible, the likely impact that may result from COVID-19 pandemic and material events and circumstances up to the date of approval of these financial results, on the carrying value of its assets and liabilities as at 31st March 2020. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of any future events and developments, if any, occurring after the balance sheet date and relating to these assets and liabilites of the Company as on 31st March 2020, will be recognized prospectively. Further, considering quality product portfolio, brand image, long-standing relationships & goodwill with its customers, suppliers and other stakeholders, the Company's business operations, cash flows, future revenue, assets and liabilities will sustain going forward.

Significant Accounting Policies and Other Explanatory Information to the Financial Statements

for the year ended 31 March 2020

NOTE 59 - ASSETS HELD FOR SALE

On 4th November 2019, the Board of Directors of the Company decided to surrender plot no. SP 5-165-168 situated at Ghilot Industrial Area, Rajasthan which was originally acquired for manufacturing of Sanitaryware.

Further another land situated at Jedcherla GIP, Mehboob Nagar District, Telangana which was acquired for setting up a manufacturing plant from Telangana State Industrial Infrastructure Corporation Limited (TSIICL). Subsequent upon allotment of aforesaid land by TSIICL, Board of Directors of the Company approved in its meeting held on 3rd February, 2020 to sale of aforesaid land to Hintastica Private Limited at a consideration of ₹ 622 lakh arrived at on the basis of the independent valuation report.

The total cost ₹ 4655.05 for above referred assets are classified as Assets Held for Sale as on 31 March 2020.

Note 60 - GST

The annual return of GST for FY 2018-19 is under process of filing with statutory authorities. The management believes that there will not be any material impact over financial statements after financial submission/filing. The date of filing of GST returns are 30th September, 2020.

Note 61 - Previous period figures have been regrouped /re-arranged wherever considered necessary to confirm to the current year's classification.

Notes 1 to 61 form an integral part of these financial statements.
In terms of our report attached.

For and on behalf of the Board of Directors

For **Lodha & Co**
Chartered Accountants
Firm Registration No.:301051E

N.K. Lodha
Partner
M. No. 85155

Place: Delhi
Date: 10 June 2020

Sandip Somany
Vice Chairman and Managing Director
DIN: 00053597

Dr. Rajendra Kumar Somany
Chairman and Managing Director
DIN: 00053557

Pulkit Bhasin
Company Secretary
ACS No.: A27686

Om Prakash Pandey
Chief Financial Officer

Place: Gurugram
Date: 10 June 2020