# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021



### 1.(i) Corporate information

Indo Rama Synthetics (India) Limited (hereinafter referred to as 'the Company' or 'IRSL') is a Public Company domiciled in India, with its registered office situated at A-31, MIDC Industrial Area, Butibori, Nagpur. The Company has been incorporated under the provisions of Companies Act, 1956 and its equity shares are listed on the National Stock Exchange of India Limited and BSE Limited. The Company is a manufacturer of polyester filament yarn (PFY), polyester staple fibre (PSF), draw texturised yarn (DTY), specialty fiber and chips. The Company is also engaged in trading of spun yarn, and also engaged in power generation, which is used primarily for captive consumption.

### (ii) Basis of preparation and presentation

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

These standalone financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Croresand two decimals thereof, unless otherwise indicated.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes in these standalone financial statements.

The statement of cash flows have been prepared under indirect method.

The standalone financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities (including derivatives instruments) at fair value, if any.
- Defined benefit liabilities are measured at present value of defined benefit obligation.
- Property, plant and equipment and intangible assets have been carried at deemed cost on the date of transition using the optional exemption allowed under Ind AS 101.
- Certain financial assets and liabilities at amortised cost.

### (iii) Significant accounting policies

#### a. Use of estimates and judgements

The preparation of standalone financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and other comprehensive income (OCI) that are reported and disclosed in the standalone financial statements and accompanying notes. Accounting estimates could change from period to period. Actual results may differ from these estimates.

These estimates and judgment are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other estimates and judgments that are believed to be reasonable under the circumstances. Accounting estimates could change from period to period. Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the standalone financial statements in the period in which changes are made. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have most significant effect of the amounts recognised in the financial statements is included in the following notes:

- Note 8(b) – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used
- Note 35 – measurement of defined benefit obligations: key actuarial assumptions
- Note 2 and 4 - estimation of useful lives of property, plant and equipment and intangible assets
- Note 32 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

#### b. Going concern

Going concern basis of accounting used for preparation of the accompanying standalone financial statements is appropriate with no material uncertainty.

#### c. Current/non-current classification

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

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

**Assets**

An asset is classified as current when it satisfies any of the following criteria:

1) It is expected to be realised in, or is intended to be sold or consumed in, the Company's normal operating cycle;

2) It is held primarily for the purpose of being traded;

3) It is expected to be realised within twelve months after the reporting date; or

4) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

**Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

1) It is expected to be settled in the Company's normal operating cycle;

2) It is held primarily for the purpose of being traded;

3) It is due to be settled within twelve months after the reporting date; or

4) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

## d. Property, plant and equipment

**Recognition and measurement**

Under the previous GAAP, property, plant and equipment ('PPE') were carried in the balance sheet at their cost of purchase less accumulated depreciation and impairment losses (if any). Using the deemed cost exemption available as per Ind AS 101, the Company has elected to carry forward these net block of PPE under previous GAAP as on 31 March 2015 as book value of such assets under Ind AS at the transition date i.e. 1 April 2015.

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The Company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the asset as a whole.

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

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work- in- progress.

Foreign currency exchange differences are capitalised as per the policy stated in note 1(iii)(i) below.

**Subsequent expenditure**

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the year during which such expenses are incurred.

**Depreciation**

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

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

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

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

| Particulars | Management estimate of useful life | Useful life as per Schedule II |
|---|---|---|
| Building (factory buildings/ non factory buildings) other than RCC frame structure | 28 years | 30 years |
| Building (factory buildings/ non factory buildings) RCC frame structure | 58 years | 60 years |
| Plant and equipment (continuous process plant) | 45/20/18 years | 25/3 years |
| Furniture and fixtures | 15 years | 10 years |
| Vehicles | 10 years | 8 years |
| Office equipment | 20 years/6 years | 5 years |

Leasehold land is depreciated over the period of lease.

Leasehold improvements are amortised over the period of lease or their useful lives, whichever is shorter.

Assets costing less than ₹ 5,000 are fully depreciated over the period of one year from the date of purchase/ acquisition and such treatment did not have any material impact on standalone financial statements of the Company for the current year.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, (refer note 47).

## e. Intangible assets

**Recognition and measurement**

Intangible assets include software, that are acquired by the Company, that are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss, if any.

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

**Subsequent expenditure**

Subsequent expenditure related to an item of intangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses are charged to the Statement of Profit and Loss for the year during which such expenses are incurred.

**Amortisation**

Intangible assets include software that are amortised over the useful economic life of 3 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

## f. Impairment

**(i) Impairment of financial assets**

The Company recognises loss allowance for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract such as a default in payment within the due date;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit losses. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any) is held.

**Measurement of expected credit losses**

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

**Presentation of allowance for expected credit losses in the balance sheet**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

**Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**(ii) Impairment of non-financial assets**

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**g. Right-of-use assets and lease liabilities**

For all existing and new contract on or after 01 April 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

**Classification of leases**

The Company enters into leasing arrangements for various assets. The assessment of the lease is based on several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to extend/purchase etc.

**Transition**

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1 April 2019 using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the Lease Liability.

**Recognition and initial measurement**

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

**Subsequent measurement**

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021



the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in Statement of Profit and Loss on a straight-line basis over the lease term.

## h. Inventories

Inventories are measured at the lower of cost and net realisable value.

**Raw materials, traded finished goods, packing material and stores and spares:** The cost of inventories is calculated on weighted average basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

**Work-in-progress and manufactured finished goods:** Cost includes raw material costs and an appropriate share of fixed production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

**Waste:** The valuation is done at net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

## i. Foreign exchange transactions

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition.

All monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities if any that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

All exchange differences, except those relating to long-term monetary foreign currency items, are dealt with in the Statement of Profit and Loss. Exchange differences in respect of long-term monetary foreign currency items prior to 1 April 2016, are added to or deducted from the cost of asset and are depreciated over the balance life of the asset.

## j. Employee benefits

### i. Short-term employee benefits

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

### ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Statement of Profit and Loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

**iii. Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

The Company operates a defined benefit gratuity plan in India.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability or the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

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

**iv. Other long-term employee benefits**

Entitlements to annual leave are recognised when they accrue to employees. Leave entitlements may be availed while in service or encashed at the time of retirement/termination of employment, subject to a restriction on the maximum number of accumulation. The Company determines the liability for such accumulated leave entitlements on the basis of actuarial valuation carried out by an independent actuary at the year end.

## k. Revenue

**i. Sale of goods**

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over or managerial involvement with, the goods, and the amount of revenue can be measured reliably. Where the payment extends beyond normal credit period, interest is recovered separately.

**ii. Interest income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

## l. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other gains/(losses).

Borrowings are classified as current financial liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements, not to demand payment as a consequence of the breach.

## m. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Revenue grants are recognised over periods to which they relate.

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

## n. Financial instruments

### i. Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another entity. Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial instrument is measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss (FVTPL) which are measured initially at fair value.

### ii. Classification and subsequent measurement

**Financial assets**

On initial recognition, a financial asset is classified as measured at amortised cost or at FVTPL. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL.

For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets: Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;

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- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition. Financial assets at amortised cost are measured at amortised cost using the effective interest method. Interest income recognised in Statement of Profit and Loss.

Subsequent measurement and gains and losses

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss. |

**Financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

### iii. Derecognition

**Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

### 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.

## o. Measurement of fair values

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. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable -inputs)

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

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

### p. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cheques on hand and cash on hand, which are not subject to risk of changes in value. Also, for the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks, cheques on hand and cash on hand.

### q. Earnings per share

Basic earning per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

### r. Provisions, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future obligation at pre-tax rate that reflects current market assessments of the time value of money risks specific to liability. They are not discounted where they are assessed as current in nature. Provisions are not made for future operating losses.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with in the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made. Therefore, in order to determine the amount to be recognised as a liability or to be disclosed as a contingent liability, in each case, is inherently subjective, and needs careful evaluation and judgement to be applied by the management. In case of provision for litigations, the judgements involved are with respect to the potential exposure of each litigation and the likelihood and/or timing of cash outflows from the Company, and requires interpretation of laws and past legal rulings.

### s. Taxation

Income tax comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

#### i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

#### ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

The Company's ability to recover the deferred tax assets is assessed by the management at the close of each financial year which depends upon the forecasts of the future results and taxable profits that Company expects to earn within the period by which such brought forward losses may be adjusted against the taxable profits as governed by the Income-tax Act, 1961. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset deferred tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle deferred tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

### t. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's Chairman and Managing Director assesses the financial performance and position of the Company, and makes strategic decision and has been identified as the chief operating decision maker. The Company's business activity is organised and managed separately according to the nature of the products, with each segment representing a strategic business unit that offers different products and serves different market. The Company's primary business segment is reflected based on principal business activities carried on by the Company. As per Indian Accounting Standard 108, Operating Segments, as notified under the Companies (Indian Accounting Standards) Rules, 2015, the Company operates in one reportable business segment i.e., manufacturing and trading of Polyester goods. The geographical information analyses the Company's revenue and trade receivables from such revenue in India and other countries. In presenting the geographical information, segment revenue and receivables has been based on the geographic location of customers. Refer note 37 for segment information presented.

### u. Recent accounting pronouncements

MCA issued notifications dated 24 March 2021 to amend schedule III to the Companies Act 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1 April 2021.

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, except for share data and if otherwise stated)

## 2. Property, plant and equipment

| | Freehold land | Leasehold land | Buildings | Right of use buildings [refer note 5 below] | Leasehold improvements | Plant and equipments | Furniture and fixtures | Vehicles | Office equipments | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **A. Gross carrying value** | | | | | | | | | | |
| **Balance as at 31 March 2019** | **0.16** | **2.89** | **106.94** | **-** | **1.27** | **949.13** | **4.18** | **4.76** | **8.84** | **1,078.17** |
| Additions during the year [refer note 2 below] | - | - | - | 31.54 | - | 4.47 | 0.17 | 0.32 | 0.97 | 37.47 |
| Disposals during the year [refer note 1 below] | - | - | - | 7.16 | - | 1.98 | - | 0.11 | 0.08 | 9.33 |
| **Balance as at 31 March 2020** | **0.16** | **2.89** | **106.94** | **24.38** | **1.27** | **951.62** | **4.35** | **4.97** | **9.73** | **1,106.31** |
| Additions during the year [refer note 2 below] | - | - | 0.30 | - | - | 16.56 | 0.03 | 0.02 | 1.77 | 18.68 |
| Disposals during the year | - | - | 0.01 | - | - | 0.29 | 0.04 | 0.18 | 0.03 | 0.55 |
| **Balance as at 31 March 2021** | **0.16** | **2.89** | **107.23** | **24.38** | **1.27** | **967.89** | **4.34** | **4.81** | **11.47** | **1,124.44** |
| **B. Accumulated depreciation** | | | | | | | | | | |
| **Balance as at 31 March 2019** | **-** | **0.16** | **15.06** | **-** | **1.27** | **295.58** | **0.90** | **1.78** | **4.17** | **318.92** |
| Additions during the year | - | 0.04 | 3.77 | 5.30 | - | 75.27 | 0.44 | 0.54 | 0.59 | 85.95 |
| Disposals during the year | - | - | - | 1.15 | - | 0.07 | - | 0.06 | 0.03 | 1.31 |
| **Balance as at 31 March 2020** | **-** | **0.20** | **18.83** | **4.15** | **1.27** | **370.78** | **1.34** | **2.26** | **4.73** | **403.56** |
| Additions during the year [refer note 47] | - | 0.04 | 3.84 | 5.34 | - | 22.77 | 0.44 | 0.50 | 0.78 | 33.71 |
| Disposals during the year | - | - | - | - | - | 0.17 | 0.01 | 0.17 | 0.01 | 0.36 |
| **Balance as at 31 March 2021** | **-** | **0.24** | **22.67** | **9.49** | **1.27** | **393.38** | **1.77** | **2.59** | **5.50** | **436.91** |
| **Net carrying value** | | | | | | | | | | |
| **As at 31 March 2020** | **0.16** | **2.69** | **88.11** | **20.23** | **-** | **580.84** | **3.01** | **2.71** | **5.00** | **702.75** |
| **As at 31 March 2021** | **0.16** | **2.65** | **84.56** | **14.89** | **-** | **574.51** | **2.57** | **2.22** | **5.97** | **687.53** |

Notes:

1. Disposal to plant and equipments include capital subsidy under TUF scheme received for purchase of plant and equipments amounting to nil [31 March 2020 : ₹ 1.57 Crores].
2. Additions to plant and equipments include loss on foreign exchange fluctuation on long-term monetary items for purchase of plant and equipments amounting to ₹ 1.57 Crores [31 March 2020 : ₹ 3.00 Crores].
3. Refer note 33 for information on capital commitments for the acquisition of property, plant and equipment.
4. Refer note 34 for information on assets pledged as security by the Company.
5. Refer note 39 for information on assets taken on lease.

## .3. Capital work-in-progress

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Balance at the beginning of the year** | 7.19 | 2.45 |
| Additions during the year | 18.76 | 7.91 |
| Capitalisation during the year | (17.15) | (3.17) |
| **Balance as at end of the year** | **8.80** | **7.19** |

Notes:

1. Captial work-in-progress includes property, plant and equipment under construction, installation and cost of asset not ready for use as at year end.
2. Refer note 34 for information on assets pledged as security by the Company.

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# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

## 4. Intangible assets

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Software** | | |
| **A. Gross carrying amount** | | |
| **Balance at the beginning of the year** | **0.24** | **0.05** |
| Additions during the year | 0.01 | 0.19 |
| **Balance as at end of the year** | **0.25** | **0.24** |
| **B. Accumulated amortisation** | | |
| **Balance at the beginning of the year** | 0.10 | 0.05 |
| Additions during the year | 0.07 | 0.05 |
| **Balance as at end of the year** | **0.17** | **0.10** |
| **Net carrying value** | | |
| **As at 31 March 2020** | 0.14 | - |
| As at 31 March 2021 | 0.08 | 0.14 |

## 5. Investments

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **5 (a) Non-current investments** | | |
| **Unquoted equity shares** | | |
| **Equity shares carried at fair value through profit or loss ['FVTPL']** | | |
| **Subsidiary [refer note 40 and 41]** | | |
| 3,000,000 (31 March 2020: 1,000,000) equity shares of Indorama Yarns Private Limited (₹10 each, fully paid up) | 3.00 | 1.00 |
| **Others** | | |
| 1,500,000 (31 March 2020: 1,500,000) equity shares of Ritspin Synthetics Limited (₹10 each, fully paid up) | 1.50 | 1.50 |
| | **4.50** | **2.50** |
| Less: Provision for impairment in the value of investment | (1.50) | (1.50) |
| | **3.00** | **1.00** |
| Aggregate amount of unquoted investments | 4.50 | 2.50 |
| Aggregate provision for diminution in value of investments | 1.50 | 1.50 |
| | | |
| **5 (b) Current investments** | | |
| **Quoted equity shares** | | |
| **Equity shares carried at fair value through profit or loss ['FVTPL']** | | |
| 52,501 [31 March 2020 : 52,501] equity shares of Optel Telecommunications Limited [₹10 each, fully paid up]* | - | - |
| 708,400 [31 March 2020 : 708,400] equity shares of Sanghi Polyesters Limited [₹10 each, fully paid up]* | - | - |
| 20 [31 March 2020 : 20] equity shares of Reliance Industries Limited [₹10 each, fully paid up]** | - | - |
| 72,601 [31 March 2020 : 72,601] equity shares of Balasore Alloys Limited [₹5 each, fully paid up] | 0.06 | 0.05 |
| | **0.06** | **0.05** |
| **Quoted preference shares** | | |
| 56,500 [31 March 2020 : 56,500] 0.01% cumulative redeemable preference of JSW Steel Limited [₹10 each, fully paid up] | 0.01 | 0.01 |
| | **0.01** | **0.01** |
| | **0.07** | **0.06** |
| Aggregate amount of quoted investments | 2.93 | 2.93 |
| Market value of quoted investments | 0.07 | 0.06 |

Notes:

1. Refer note 38 for disclosure of fair values in respect of financial assets measured at amortised cost.

* Fair value of the investments are nil [31 March 2020 : nil]

** ` 40,113 [31 March 2020 : ` 22,275], amount in absolute rupees.

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

## 6. Loans

| | Non-current | | Current | |
|---|---|---|---|---|
| | **As at 31 March 2021** | As at 31 March 2020 | **As at 31 March 2021** | As at 31 March 2020 |
| [Unsecured considered good, unless otherwise stated] | | | | |
| Security deposits | 3.56 | 3.35 | - | - |
| | **3.56** | **3.35** | **-** | **-** |

Note:
1. Refer note 38 for disclosure of fair values in respect of financial assets measured at amortised cost.

## 7. Other financial assets

| | Non-current | | Current | |
|---|---|---|---|---|
| | **As at 31 March 2021** | As at 31 March 2020 | **As at 31 March 2021** | As at 31 March 2020 |
| Interest accrued on deposits | - | - | 0.15 | 0.17 |
| Non-current bank balances* | 1.18 | 1.53 | - | - |
| Advance to employees | - | - | 1.09 | 1.54 |
| Claims and other receivables [refer note 49] | - | - | 257.13 | 273.13 |
| Less : Provision for claims and other receivables | - | - | (67.84) | (67.84) |
| | **1.18** | **1.53** | **190.53** | **207.00** |

Notes:
1. Refer note 34 for information on other financial assets pledged as security by the Company.
2. Refer note 38 for disclosure of fair values in respect of financial assets measured at amortised cost.

*Pledged with banks for credit limits.



## 8. (a) Non-current tax assets

| | **As at 31 March 2021** | As at 31 March 2020 |
|---|---|---|
| Advance tax [net of provisions ₹ 49.15 (31 March 2020: ₹ 106.42 Crores)] | 7.06 | 10.54 |
| | **7.06** | **10.54** |

## 8. (b) Deferred tax assets

### I. Recognition of deferred tax assets and liabilities

| | Deferred tax assets | | Deferred tax (liabilities) | | Net deferred tax assets (liabilities) | |
|---|---|---|---|---|---|---|
| | **As at 31 March 2021** | As at 31 March 2020 | **As at 31 March 2021** | As at 31 March 2020 | **As at 31 March 2021** | As at 31 March 2020 |
| Property, plant and equipment | - | - | (78.61) | (151.02) | (78.61) | (151.02) |
| Investment at FVTPL | 0.72 | 1.00 | - | - | 0.72 | 1.00 |
| Provision for employee benefits | 6.87 | 6.08 | - | - | 6.87 | 6.08 |
| Provision for doubtful debts and advances | 33.10 | 44.87 | - | - | 33.10 | 44.87 |
| Brought forward business losses unabsorbed depreciation | 235.57 | 189.21 | - | - | 235.57 | 189.21 |
| Provision for contingencies | 9.64 | 18.88 | - | - | 9.64 | 18.88 |
| Other items | 1.24 | 1.05 | - | (0.06) | 1.24 | 0.99 |
| | **287.14** | **261.09** | **(78.61)** | **(151.08)** | **208.53** | **110.01** |
| Offsetting of deferred tax assets and deffered tax liabilities | (78.61) | (151.08) | 78.61 | 151.08 | - | - |
| | **208.53** | **110.01** | **-** | **-** | **208.53** | **110.01** |

Note:
1. Based on the current developments as stated in note 46 and business plan, the Company is confident that the deferred tax assets carried at the end of the year is fully recoverable and there will be sufficient future taxable profits to adjust unabsorbed depreciation and carried forward business losses.

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

### II. Movement in temporary differences

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Opening balance of deferred tax asset | 110.01 | 246.11 |
| Tax credit/(expense) during the year recognised in the statement of profit or loss* | 98.52 | (136.10) |
| **Closing balance of deferred tax asset** | **208.53** | **110.01** |

* The management has reassessed the carrying value of deferred taxes and made appropriate adjustment based on prudence.

### III. Unrecognised deferred tax assets and unrecognised minimum alternate tax credit entitlement

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | **Gross amount** | **Unrecognised tax effect** | Gross amount | Unrecognised tax effect |
| Unrecognised minimum alternate tax credit entitlement*# | | - | | 57.70 |
| Brought forward business losses and unabsorbed depreciation** | 518.12 | 130.40 | 1,060.46 | 370.57 |

* Minimum alternate tax credit entitlement carried in Income-tax and not recognised in books.

** Deferred tax assets have not been recognised in respect of above items, because it is not probable that future taxable profits will be available against which the Company can use the benefits therefrom.

# Pursuant to Sec 115BAA of the Income-tax Act, 1961 (inserted by Taxation Laws (Amendment) Act, 2019 w.e.f. 1 April 2019), domestic companies have the option to pay corporate income tax at a concessional tax rate of 22% with effective tax rate of 25.17%. The said concessional tax regime is accompanied with immediate expiry of carry forward balance of minimum alternative tax credit and certain other concessional tax rate benefits enjoyed by the Company presently. During the previous year ended 31 March 2020, Company continued under the old tax regime. Based on further internal analysis made by the management, Company has filed its income tax return for financial year 2019-20 (AY 2020-21) under the new tax regime by opting concessional tax regime as per Section 115BAA of the Income-tax Act, 1961. Consequently, the relevant adjustment to the deferred tax asset has been made during the current year."

### IV. Effective tax rate

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Book profit/(loss) | 0.59 | (181.46) |
| Enacted tax rate | 25.17% | 34.94% |
| Current tax expense/(income) on profit before tax at the enacted income tax rate in India | 0.15 | (63.41) |
| Recognition/(de-recognition) of deferred tax asset* | 93.78 | (136.10) |
| Deferred tax asset not recognised | - | (63.41) |
| Other adjustments | 4.89 | - |
| **Tax income/(expense) reported in the statement of profit and loss** | **98.52** | **(136.10)** |
| **Tax income/(expense) during the year recognised in statement of profit or loss** | **98.52** | **(136.10)** |
| **Tax expense during the year recognised in other comprehensive income** | **-** | **-** |
| | **98.52** | **(136.10)** |

* The management has reassessed the carrying value of deferred taxes and made appropriate adjustment based on prudence. Accordingly, deferred tax asset of ₹ 98.52 Crores has been recognised during the current year. Further, management is confident about the achievement of the business plans and availability of sufficient future taxable profits against which deferred tax was recognised in the statement of profit or loss in the current and earlier year(s).

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)



## 9. Other assets

| | Non-current | | Current | |
|---|---|---|---|---|
| | **As at 31 March 2021** | As at 31 March 2020 | **As at 31 March 2021** | As at 31 March 2020 |
| Capital advances | 4.73 | 1.54 | - | - |
| Claims and other receivables [refer note 49] | 19.55 | 14.84 | 7.75 | 9.24 |
| GST receivable | - | - | 17.54 | 22.52 |
| Prepaid expenses | 0.68 | - | 7.50 | 4.73 |
| "National Savings Certificates VIth issue* (pledged with sales tax authorities)" | - | - | - | - |
| Advance rent | 0.31 | 0.51 | 0.20 | 0.20 |
| Advances to vendors | 5.88 | 5.21 | 24.47 | 21.89 |
| Less : Provision for doubtful advances to vendors | (5.88) | (5.21) | - | - |
| | **25.27** | **16.89** | **57.46** | **58.58** |

Notes:
1. Refer note 34 for information on other assets pledged as security by the Company.

* Non-current includes ₹ 4,000 [31 March 2020 : ₹ 4,000], amount in absolute rupees.

## 10. Inventories

[valued at lower of cost or net realisable value, unless otherwise stated]

| | **As at 31 March 2021** | As at 31 March 2020 |
|---|---|---|
| Raw materials [include in transit ₹ 121.05 Crores (31 March 2020 : ₹ 21.13 Crores)] | 213.76 | 79.75 |
| Work-in-progress | 17.39 | 5.92 |
| Finished goods [include in transit ₹ 30.99 Crores (31 March 2020 : ₹ 12.59 Crores)]* | 119.21 | 128.56 |
| Stores and spares [include in transit ₹ 0.90 Crores(31 March 2019 : ₹ 1.14 Crores)] | 30.16 | 28.37 |
| Packing material | 2.33 | 2.33 |
| Waste** | 4.15 | 5.56 |
| Stock-in-trade | - | 0.05 |
| | **387.00** | **250.54** |

Notes:
1. Refer note 34 for information on inventories pledged as security by the Company.

* The inventories were reduced by ₹ 0.09 Crores[31 March 2020 : ₹ 2.58 Crores] on account of net realisable value being lower than the cost.

** valued at net realisable value.

## 11. Trade receivables

| | **As at 31 March 2021** | As at 31 March 2020 |
|---|---|---|
| Unsecured, considered good | 105.21 | 91.46 |
| Credit impaired | 57.80 | 55.36 |
| | **163.01** | **146.82** |
| Less : Provision for expected credit loss [refer note 28] | (57.80) | (55.36) |
| | **105.21** | **91.46** |

Notes:

"1. The Company limits its exposure to credit risk from trade receivables by establishing a credit period for all customer categories. In case of delay beyond credit period, the interest is generally recovered at the rate of 12% to 18%.

2. Refer note 34 for information on trade receivables pledged as security by the Company

3. The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in note 38.

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

## 12. Cash and cash equivalents

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Balances with banks | 2.38 | 12.28 |
| Cash on hand | 0.04 | 0.22 |
| | **2.42** | **12.50** |

Note:
1. Refer note 34 for information on cash and cash equivalents pledged as security by the Company.

## 13. Bank balances other than cash and cash equivalents

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Deposits with original maturity more than three months but remaining maturity of less than twelve months | 5.40 | 9.66 |
| Unpaid dividend | 0.22 | 0.30 |
| | **5.62** | **9.96** |

Note:
1. Refer note 34 for information on bank balances other than cash and cash equivalents pledged as security by the Company.

## 14. Equity share capital

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Authorised** | | |
| 275,000,000 equity shares of ₹ 10 each [31 March 2020 : 275,000,000] | 275.00 | 275.00 |
| | **275.00** | **275.00** |
| **Issued, subscribed and fully paid up** | | |
| 261,113,151 equity shares of ₹ 10 each fully paid-up [31 March 2020: 261,113,151] | 261.11 | 261.11 |
| | **261.11** | **261.11** |

Notes:

i) Reconciliation of equity shares outstanding at the beginning and at the end of the year

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| Balance at the beginning of the year | 261,113,151 | 261.11 | 178,113,151 | 178.11 |
| Add: Issued during the year | - | - | 83,000,000 | 83.00 |
| Balance at the end of the year | **261,113,151** | **261.11** | **261,113,151** | **261.11** |

ii) The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii) Shares in the Company held by each shareholder holding more than 5% are as under:

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| Names of shareholders | Number of shares | % of shareholding | Number of shares | % of shareholding |
| Brookgrange Investments Limited | 53,564,057 | 20.51 | 53,564,057 | 20.51 |
| Mr. Om Prakash Lohia [Chairman and Managing Director] | 38,473,369 | 14.73 | 38,473,369 | 14.73 |
| Mrs. Urmila Lohia | - | - | 18,184,518 | 6.96 |
| Siam Stock Holding Limited | 17,200,000 | 6.59 | 17,200,000 | 6.59 |
| Indorama Netherlands B.V. [controlling Company, refer note vi below] | 100,696,588 | 38.56 | 100,696,588 | 38.56 |
| | **209,934,014** | **80.39** | **228,118,532** | **87.35** |

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

iv) Shares in the Company held by controlling Company are as under:

| Names of shareholders | As at 31 March 2021 Number of shares | As at 31 March 2021 % of shareholding | As at 31 March 2020 Number of shares | As at 31 March 2020 % of shareholding |
|---|---|---|---|---|
| Indorama Netherlands B.V. [controlling Company, refer note vi below] | 100,696,588 | 38.56 | 100,696,588 | 38.56 |
| | **100,696,588** | **38.56** | **100,696,588** | **38.56** |

v) The Company has not issued any share pursuant to a contract without payment being received in cash in the current year and preceding five years. The Company has not issued any bonus shares nor has there been any buy-back of shares in the current year and preceding five years.

vi) During the previous year ended 31 March 2020 and pursuant to the decision of the Board of Directors and Shareholders, the Company had raised additional equity by way of preferential allotment, by issuing 83,000,000 shares representing 31.79% of the total paid up share capital to Indorama Netherlands BV ('INBV') at an issue price of ₹ 36 per share [including premium of ₹ 26 per share] and received ₹ 298.80 Crores on 3 April 2019. Pursuant to equity infusion, INBV controls the Company through management control and also appointed additional Key Management Personnel in the Company. Further, INBV made mandatory open offer in accordance with Regulation 3(1) and Regulation 4 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 post direct acquisitions of the Company by way of a preferrential issue, and acquired 17,696,588 shares whereby the shareholding of INBV increased to 38.56%.

vii) The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. During the year, the promoters have sold 17,550,000 equity shares to reduce promoter's shareholding to 75% thereby complying with the requirement of 25% (twenty five percent) public shareholding as per Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Rule 19A of the Securities Contracts (Regulation) Rules, 1957.

## 15. Other equity



| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **a. Capital reserve** | | |
| Balance at the beginning of the year | 20.38 | **20.38** |
| **Balance at the end of the year** | **20.38** | **20.38** |
| **b. Securities premium** | | |
| Balance at the beginning of the year | 447.59 | 231.79 |
| Add : Additions during the year | - | 215.80 |
| **Balance at the end of the year** | **447.59** | **447.59** |
| **c. General reserve** | | |
| Balance at the beginning of the year | 58.13 | 48.13 |
| Add : Transfer from debenture redemption reserve | - | 10.00 |
| **Balance at the end of the year** | **58.13** | **58.13** |
| **d. Debenture redemption reserve** | | |
| Balance at the beginning of the year | - | 10.00 |
| Less : Transfer to general reserve | - | (10.00) |
| **Balance at the end of the year** | **-** | **-** |
| **e. Retained earnings** | | |
| Balance at the beginning of the year | (564.50) | (248.40) |
| Add : Profit/(loss) during the year | 112.78 | (316.10) |
| **Balance at the end of the year** | **(451.72)** | **(564.50)** |
| **f. Other comprehensive income** | | |
| Balance at the beginning of the year | (0.26) | 1.20 |
| Add : Loss during the year | (2.14) | (1.46) |
| **Balance at the end of the year** | **(2.40)** | **(0.26)** |
| **Total other equity [a+b+c+d+e+f]** | **71.98** | **(38.66)** |

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

## Nature or reserves

### Capital reserve

Capital reserve comprises of money received against forfeiture of equity shares and preference share warrants. The reserve is not available for distribution as dividend. The reserve is utilised in accordance with the specific provisions of Companies Act, 2013.

### Securities premium

Securities premium comprises of the premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

### General reserve

General reserve is a free reserve and is utilised from time to time for appropriate purposes.

### Debenture redemption reserve

Debenture redemption reserve is a reserve created at the time of issue of debentures. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

### Retained earnings

Retained earnings refer to the net profit/(loss) retained by the Company for its core business activities.

### Other comprehensive income

Other comprehensive income comprise of re-measurement of defined benefit liability.



## 16. Borrowings

| | Non-current | | Current | |
|---|---|---|---|---|
| | **As at 31 March 2021** | As at 31 March 2020 | **As at 31 March 2021** | As at 31 March 2020 |
| **Secured loan** | | | | |
| **Term loans - from banks** | | | | |
| Rupee loans | 232.85 | 306.50 | 73.65 | 35.64 |
| Foreign currency loans | - | - | - | 36.36 |
| | **232.85** | **306.50** | **73.65** | **72.00** |
| Less : Current maturities on borrowings [refer note 17] | - | - | (73.65) | (72.00) |
| | **232.85** | **306.50** | **-** | **-** |

Notes:

1. Refer note 38 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.
2. Terms of repayment and security details:

### a) Rupee term loans from banks

| Nature of security | Terms of repayment |
|---|---|
| i) ₹ 85.50 Crores (31 March 2020 : ₹ 114.00 Crores) are secured primarily by first pari-passu charge on entire movable and immovable fixed assets of the Company except for the fixed assets under exclusive charge with loan from IKB Deutsche Industriebank AG, both present and future. Also, these are secured by additional first pari-passu charge on SGST/VAT incentive receivable from Government of Maharashtra, both present and future | Repayable in 9 equal quarterly installments each aggregating to ₹ 9.50 Crores repayment of which commenced on various dates from August 2020 and September 2020.<br>Rate of interest at 8.80% to 10.15%. |

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

| Nature of security | Terms of repayment |
|---|---|
| ii) ₹ 150.00 Crores (31 March 2020 : ₹ 150.00 Crores) are secured primarily by first pari-passu charge on entire movable and immovable fixed assets of the Company except for the fixed assets under exclusive charge with loan from IKB Deutsche Industriebank AG, both present and future. Also, these are secured by additional first pari-passu charge on SGST/VAT incentive receivable from Government of Maharashtra, both present and future. | Repayable in 6 equal half yearly installments amounting to ₹ 25.00 Crores each repayment of which would be commencing from 25 October 2021 onwards.<br>Rate of interest at 9.96%. |
| iii) ₹ 71.00 Crores (31 March 2020 : ₹ 71.00 Crores) are secured primarily by first pari-passu charge on entire movable and immovable fixed assets of the Company except for the fixed assets under exclusive charge with loan from IKB Deutsche Industriebank AG, both present and future. Also, these are secured by additional first pari-passu charge on SGST/VAT incentive receivable from Government of Maharashtra, both present and future. | Repayable in 3 equal yearly installments each aggregating to ₹10.65 Crores repayment of which would be commencing on various dates in June 2021 and July 2021 and 1 yearly installment aggregating to ₹39.05 Crores in June 2024 and July 2024.<br>Rate of interest at 9.75%. |
| iv) Nil (31 March 2020 : ₹ 7.14 Crores) were secured primarily by first pari-passu charge on entire movable and immovable fixed assets of the Company except for the fixed assets under exclusive charge with loan from IKB Deutsche Industriebank AG, both present and future. | Rupee term loan from bank has been repaid during the current year. |

## b) Foreign currency term loans from banks

i) Nil (31 March 2020 : ₹ 36.36 Crores) were secured by specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat.



## Reconciliation of movements of liabilities to cash flows arising from financing activities:

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| **Borrowings:** | **Non-current borrowings *** | **Current borrowings**** | Non-current borrowings* | Current borrowings** |
| Balance at beginning of the year | 378.50 | 92.87 | 280.54 | 292.34 |
| Proceeds from non-current borrowings | - | - | 344.18 | - |
| Repayment of non-current borrowings | (72.00) | - | (248.51) | - |
| Movement in short-term borrowings [net] | - | (21.69) | - | (199.47) |
| Foreign exchange movement | - | - | 2.29 | - |
| **Balance as at the end of the year** | **306.50** | **71.18** | **378.50** | **92.87** |

| **Lease liabilities:** | **As at 31 March 2021** | As at 31 March 2020 |
|---|---|---|
| Balance at beginning of the year | 21.56 | - |
| Payment of lease liabilities | (5.92) | (6.09) |
| Interest expense | 1.85 | 2.42 |
| Adjustment on modification of lease | - | (2.57) |
| Adjustment on adoption of Ind AS 116 | - | 27.80 |
| | **17.49** | **21.56** |

* Non-current borrowings includes current maturity.

** Refer note 19

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

## 17. Other financial liabilities

| | Non-current | | Current | |
|---|---|---|---|---|
| | **As at 31 March 2021** | As at 31 March 2020 | **As at 31 March 2021** | As at 31 March 2020 |
| Current maturities of long-term borrowings [refer note 16] | - | - | 73.65 | 72.00 |
| Lease liabilities [refer note 39] | 12.46 | 16.99 | 5.03 | 4.57 |
| Interest accrued and due on borrowings | - | - | - | 0.10 |
| Interest accrued and not due on borrowings | - | - | 0.17 | 10.27 |
| Book overdraft | - | - | 3.71 | - |
| Unpaid dividends [refer note 1 below] | - | - | 0.22 | 0.30 |
| Forward cover payable | - | - | - | 0.18 |
| Payable to employees | - | - | 8.77 | 9.97 |
| Creditors towards property, plant and equipment | - | - | 2.20 | 1.85 |
| | **12.46** | **16.99** | **93.75** | **99.24** |

Notes:

1. There are no amounts due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013 as at the year end.

2. Refer note 38 for disclosure of fair values in respect of financial liabilities measured at amorised cost and analysis of their maturity profiles.

## 18. Provisions

| | Non-current | | Current | |
|---|---|---|---|---|
| | **As at 31 March 2021** | As at 31 March 2020 | **As at 31 March 2021** | As at 31 March 2020 |
| Provision for gratuity [refer note 35]* | 19.33 | 16.25 | 1.51 | 1.14 |
| Provision for compensated absences [refer note 35]* | 12.15 | 11.28 | 2.81 | 1.94 |
| Provision for contingencies [refer note 32]** | - | - | 38.30 | 54.02 |
| | **31.48** | **27.53** | **42.62** | **57.10** |
| * Includes amounts due to Key Managerial Personnel [refer note 41] | 0.67 | 0.28 | 1.22 | 0.90 |

| | **As at 31 March 2021** | As at 31 March 2020 |
|---|---|---|
| ** Movement in provision for contingencies | | |
| Balance at the beginning of the year | 54.02 | 84.00 |
| Less : Provision reversed during the year | (15.72) | (14.15) |
| Less : Payment made during the year | - | (15.83) |
| Balance at the end of the year | **38.30** | **54.02** |

## 19. Borrowings

| | **As at 31 March 2021** | As at 31 March 2020 |
|---|---|---|
| **Secured loan** | | |
| Short-term loans from banks | 71.18 | 92.87 |
| | **71.18** | **92.87** |

Notes:

Details of rate of interest, terms of repayment and security for short-term loans from banks:

1. Short-term loans from banks amounting to ₹ 35.50 Crores [31 March 2020 : ₹ 92.87 cores] are secured by first pari-passu charge on current assets of the Company excluding the current assets pertaining to SGST/VAT incentive receivable from Government of Maharashtra and second pari-passu charge on the Company's entire present and future block of assets, except assets under exclusive charge of loan from IKB Deutsche Industriebank AG. These are repayable within 6 months and carry an interest rate in the range from 8.25% p.a. to 8.50% p.a.

2. ₹ 35.68 Crores [31 March 2020 : nil] backed by Stand By Letter of Credit (SBLC) by promotor group company, carry interest rate of 6.25%.

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

## 20. Trade payables

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises [refer note 36] | 1.56 | 3.25 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises#* | 852.44 | 548.42 |
| | **854.00** | **551.67** |
| # Includes amounts due to related entities [refer note 41] | 50.44 | **23.11** |

* Includes acceptances/arrangements with operational suppliers of goods and services where the Company continues to recognise the liability till settlement with the banks.

## 21. Other current liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Advances from customers* | 19.17 | 106.15 |
| Statutory dues | 2.13 | 2.51 |
| Others | 0.59 | 0.49 |
| | **21.89** | **109.15** |
| * Includes amounts due to related entities [refer note 41] | 10.91 | **100.75** |

## 22. Revenue from operations

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Disaggregated revenue information** | | |
| Sale of products [refer notes below] | | |
| Finished goods | | |
| Domestic | 1,620.46 | 1,600.51 |
| Export | 429.24 | 513.64 |
| Traded goods | 1.14 | 0.74 |
| | **2,050.84** | **2,114.89** |
| Less: Rebates and discounts to customers | 90.18 | 65.96 |
| | **1,960.66** | **2,048.93** |
| Other operating income | | |
| Scrap sales | 8.54 | 6.95 |
| GST refund | 48.33 | 35.23 |
| Interest from customers | 1.75 | 4.72 |
| Others [refer note 49] | 3.51 | 11.68 |
| | **62.13** | **58.58** |
| | **2,022.79** | **2,107.51** |

Notes:

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **i) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price** | | |
| Gross sale of products | 2,053.05 | 2,127.11 |
| Less : Adjustment on account of returns | 2.24 | 8.46 |
| Less : Adjustment on account of discounts and price differences | 90.15 | 69.72 |
| | **1,960.66** | **2,048.93** |
| **ii) Contract balances** | | |
| Trade receivables [refer note 11] | 105.21 | 91.46 |

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Advance from customers [refer note 21] * | 19.17 | 106.15 |
| **iii) Revenue recognised in relation to contract liabilities** | | |
| a. Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period | 5.50 | 7.89 |
| b. Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods | - | - |

* The Company has repaid the advance from customers amounting to ₹ 100.65 Crores after taking the requisite approvals from the relavant authorities which was included in the contract liability balance at the beginning of the period.

## 23. Other income

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Interest income** | | |
| from banks | 0.53 | 1.20 |
| from others | 1.50 | 0.09 |
| Unwinding of discount on security deposits | 0.19 | 0.18 |
| Fair valuation of investments through profit and loss | 0.01 | 0.07 |
| Liabilities/provisions no longer required, written back [refer note 49] | 16.47 | 14.54 |
| Others | 2.10 | 4.35 |
| | **20.80** | **20.43** |



## 24. Cost of raw materials consumed

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Category of materials consumed** | | |
| Purified terephthalic acid | | |
| Mono ethylene glycol | 1,013.86 | 1,185.61 |
| Others | 354.35 | 364.48 |
| | 61.51 | 69.87 |
| | 1,429.72 | 1,619.96 |

## 25. Purchase of stock in trade

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Purchase of stock-in-trade | 1.65 | 0.75 |
| | 1.65 | 0.75 |

## 26. Changes in inventories of finished goods and work-in-progress

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **Closing stock** | | |
| Finished goods | 119.21 | 128.56 |
| Work-in-progress | 17.39 | 5.92 |
| Waste | 4.15 | 5.56 |
| | **140.75** | **140.04** |
| **Opening stock** | | |
| Finished goods | 128.56 | 111.36 |
| Work-in-progress | 5.92 | 10.29 |
| Waste | 5.56 | 1.25 |
| | **140.04** | **122.90** |

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| | **(0.71)** | **(17.14)** |
| Write down of inventory, considered as exceptional item [refer note 42] | **(11.63)** | **-** |
| | **(12.34)** | **(17.14)** |

## 27. Employee benefits expenses

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Salary, wages and bonus | 81.60 | 80.54 |
| Contribution to provident and other funds [refer note 35(a)] | 4.30 | 5.31 |
| Staff welfare expenses | 4.05 | 4.28 |
| | **89.95** | **90.13** |

## 28. Other expenses

| | | For the year ended 31 March 2021 | | For the year ended 31 March 2020 |
|---|---|---|---|---|
| Consumption of stores and spares | | 41.77 | | 36.61 |
| Power and fuel | | 153.83 | | 180.88 |
| Rent and hire charges [refer note 39] | | 7.01 | | 4.06 |
| Repairs and maintenance | | 21.17 | | 21.87 |
| Insurance | 5.10 | | 5.88 | |
| Less : recovery | 0.92 | 4.18 | 0.39 | 5.49 |
| Rates and taxes [out of provision for contingencies, nil (31 March 2020 : ₹ 15.83 Crores) debited and credited to rates and taxes] | | 3.75 | | 2.05 |
| Packing materials consumed | | 57.57 | | 60.16 |
| Freight and forwarding charges | 73.85 | | 67.79 | |
| Less : recovery | 9.57 | 64.28 | 10.96 | 56.83 |
| Brokerage and commission | | 4.53 | | 5.40 |
| Discounts and claims | | 0.92 | | 1.24 |
| Directors' sitting fees | | 0.30 | | 0.17 |
| Legal and professional charges* | | 5.15 | | 6.75 |
| Donations | | 0.07 | | 0.03 |
| Provision for doubtful debts/advances | | - | | - |
| Debts/advances/other financial assets written off [out of provision for doubtful debts, nil (31 March 2020 : ₹ 0.18 Crore) debited and credited to debts written off and out of provision for contingencies, ₹ 5.00 Crores (31 March 2020 : nil) debited and credited to other financial assets written off] | | 14.79 | | 2.12 |
| Loss on disposal/discard of property, plant and equipment | | 0.19 | | 0.44 |
| Miscellaneous | | 41.80 | | 49.48 |
| | | **421.31** | | 433.58 |

* Includes payment to auditors

| | | |
|---|---|---|
| As auditor: | 0.36 | 0.36 |
| Audit fee | 0.15 | 0.09 |
| Other services | 0.02 | 0.06 |
| Out of pocket expenses | **0.53** | **0.51** |

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

## 29. Finance costs

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **Interest** | | |
| fixed loans using effective interest rate method | - | 0.24 |
| term loans | 32.65 | 33.17 |
| debentures | - | 13.75 |
| short-term loans | 10.57 | 3.40 |
| lease liabilities [refer note 39] | 1.85 | 2.42 |
| others | 12.90 | 25.94 |
| Other borrowing cost | 5.88 | 11.46 |
| Remeasurement of actuarial interest cost [refer note 35] | 2.07 | 1.93 |
| | **65.92** | **92.31** |

## 30. Depreciation and amortisation expense

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Depreciation on property, plant and equipment [refer note 2] | 33.71 | 85.95 |
| Amortisation on intangible assets [refer note 4] | 0.07 | 0.05 |
| | **33.78** | **86.00** |

## 31. Earning/(loss) per share



| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Net profit/(loss) attributable to the equity shareholders (A) | 112.78 | (316.10) |
| Number of equity shares at the beginning of the year | 261,113,151 | 178,113,151 |
| Total number of shares outstanding at the end of the year | 261,113,151 | 261,113,151 |
| Weighted-average number of equity shares (B) | 261,113,151 | 260,659,599 |
| Earnings/(loss) per share (₹) (A/B) - Basic and Diluted | 4.32 | (12.13) |
| Nominal value of equity share (₹) | 10.00 | 10.00 |

## 32. Contingent liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **a) Claims against the Company not acknowledged as debt # [refer note 1 below]** | | |
| Income tax matters under dispute [gross of amount paid under protest amounting to nil (31 March 2020 : ₹ 0.26 Crore)] | 3.39 | 4.30 |
| Excise/customs/service tax matters in dispute/under appeal [gross of amount paid under protest amounting to ₹ 3.18 Crores (31 March 2020 : ₹ 3.59 Crores)] | 46.47 | 55.06 |
| Sales tax/value added tax matters in dispute/under appeal [gross of amount paid under protest amounting to ₹ 0.54 Crores(31 March 2020 : ₹ 0.14 Crore)] | 5.26 | 4.42 |
| Others under dispute* [gross of amount paid under protest amounting to ₹ 14.93 Crores (31 March 2020 : ₹ 8.53 Crores)] | 22.91 | 22.91 |
| | **78.03** | **86.69** |
| **b) Other money for which the Company is contingently liable # [refer note 1 below]** | | |
| Claims by ex-employees, vendors, customers and civil cases | 1.92 | 1.57 |
| | 1.92 | 1.57 |

* Matter under dispute with Maharashtra State Electricity Distribution Company Limited and is pending for hearing with Bombay High Court

# It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of respective proceedings.

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

Notes:

1. Out of the above litigations, the Company has provided ₹ 38.30 Crores (31 March 2020 : ₹ 54.02 Crores) against various litigations and remaining contingent liabilities is ₹ 41.65 Crores (31 March 2020 : ₹ 34.24 Crores).

2. Hon'ble Supreme Court of India has pronounced a ruling dated 28 February 2019 in which it is held that 'allowance' paid to employees, will be included in the scope of 'basic wages' and thus, will be subject to provident fund contributions. Petitions have been filed with Hon'ble Supreme Court of India seeking additional clarification with respect to the application of this ruling. As this ruling has not prescribed any clarification w.r.t. to its application, the Company is in the process of evaluating its impact. Management believes that this will not result in any material liability on the Company.

3. Customs duty claims (including penalties) against the Company aggregating to ₹ 220.26 Crores (31 March 2020 : ₹ 220.26 Crores) have not been considered contingent as favourable orders have been received, in some of the cases, by the Company from the Custom Excise and Service Tax Appellate Tribunal. The Company believes that its position is strong in this regard. The matter is pending with the Hon'ble Supreme Court.

   Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

4. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its standalone financial statements. The Company also believes that the above issues, when finally settled, are not likely to have any significant impact on the financial position of the Company. The Company does not expect any reimbursements in respect of the above contingent liabilities.

## 33. Capital commitments and other commitments

| | **As at 31 March 2021** | As at 31 March 2020 |
|---|---|---|
| a) Capital commitments - Estimated amount of contracts remaining to be executed on capital account and not provided for [net of capital advances] | 18.91 | 10.78 |
| b) The Company has commitments to export 37,789 MT [31 March 2020 : 22,522 MT] of finished goods as per foreign trade policy pursuant to import of duty free material under advance license scheme. | | |



## 34. Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| | **As at 31 March 2021** | As at 31 March 2020 |
|---|---|---|
| **Current assets** | | |
| **Financial assets** | | |
| Floating charge | | |
| Trade receivables | 105.21 | 91.46 |
| Cash and cash equivalents | 2.42 | 12.50 |
| Bank balances other than cash and cash equivalents | 5.62 | 9.96 |
| Other financial assets | 190.53 | 207.00 |
| **Non financial assets** | | |
| Floating charge | | |
| Inventories | 387.00 | 250.54 |
| Other current assets | 57.46 | 58.58 |
| **Total current assets pledged as security** | **748.24** | **630.04** |
| **Non-current assets** | | |
| **Financial assets** | | |
| First charge | | |
| Non-current bank balances | 1.18 | 1.53 |
| **Non financial assets** | | |
| First charge | | |
| Property, plant and equipment | 672.64 | 682.52 |
| Capital work-in-progress | 8.80 | 7.19 |
| Other non-current assets | 5.72 | 2.05 |

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Total non-current assets pledged as security** | **688.34** | **693.29** |

## 35. Employee benefits

### a) Defined contribution plan

An amount of ₹ 4.07 Crores [31 March 2020 : ₹ 4.48 Crores] for the year has been recognised as an expense in respect of the Company's contributions towards Provident Fund, an amount of ₹ 0.09 Crores[31 March 2020 : ₹ 0.65 Crore] for the year has been recognised as an expense in respect of Company's contributions towards Employee State Insurance and an amount of ₹ 0.14 Crores[31 March 2020 : ₹ 0.16 Crore] for the year has been recognised as an expense in respect of the Company's contributions towards National Pension Scheme, which are deposited with the government authorities and have been included under employee benefit expenses in the Statement of Profit and Loss.

### b) Defined benefit plan

**1) Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Reconciliation of opening and closing balances of the present value of the defined benefit obligation:



| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **(i) Changes in present value obligation** | | |
| Present value obligation as at the start of the year | 17.39 | 15.61 |
| Interest cost | 1.17 | 1.20 |
| Current service cost | 1.17 | 1.01 |
| Actuarial loss/(gain) on obligation | 2.05 | 0.54 |
| Benefits paid | (0.94) | (0.97) |
| **Present value obligation as at the end of the year** | **20.84** | **17.39** |
| **(ii) Net liability recognised in the Balance Sheet** | | |
| Present value obligation at the beginning and end of the year | (20.84) | (17.39) |
| **Net liability in the Balance Sheet** | **(20.84)** | **(17.39)** |
| **(iii) Amount recognised in the statement of profit and loss** | | |
| Current service cost | 1.17 | 1.01 |
| Interest cost | 1.17 | 1.20 |
| **Expense recognised in the statement of profit and loss** | **2.34** | **2.21** |
| **(iv) Re-measurements recognised in the statement of other comprehensive income (OCI)** | | |
| Changes in financial assumptions | (2.05) | (0.54) |
| **Amount recognised in other comprehensive income** | **(2.05)** | **(0.54)** |
| **(v) Actuarial assumptions** | | |
| Discount rate (p.a.) | 6.67% | 6.74% |
| Salary escalation rate (p.a.) | 3.00% | 2.00% |
| Withdrawal rates | | |
| Upto 30 years | 4.00% | 4.00% |
| From 31 to 44 years | 3.00% | 3.00% |
| Above 44 years | 1.00% | 1.00% |
| Retirement age | 58 years | 58 years |
| Mortality rate | Indian Assured Lives Mortality (2012-14) (modified) Ultimate | Indian Assured Lives Mortality (2012-14) (modified) Ultimate |

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)



These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

The above defined benefit plan exposes the Company to following risks:

**Interest rate risk:**

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**Salary inflation risk:**

Expected increases in salary will increase the defined benefit obligation.

**Demographic risk:**

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee

**Funding**

This is an unfunded benefit plan for qualifying employees.

The above sensitivity analyses are 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 methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **(vi) Sensitivity analysis for gratuity liability** | | |
| The sensitivity of the overall plan obligations to changes in the weighted key assumptions are: | | |
| Present value of obligation at the end of the year | | |
| Impact of the change in discount rate (p.a.) | | |
| Impact due to decrease of 0.50% | 0.81 | 0.71 |
| Impact due to increase of 0.50% | (0.77) | (0.67) |
| Impact of change in salary escalation rate (p.a.) | | |
| Impact due to increase of 0.50% | 0.83 | 0.73 |
| Impact due to decrease of 0.50% | (0.80) | (0.70) |
| **(vii) Expected future cash flows** | | |
| The expected future cash flows in respect of gratuity (undiscounted) were as follows: | | |
| 31 March 2021 | 1.51 | 1.14 |
| 31 March 2022 | 0.89 | 0.84 |
| 31 March 2023 | 1.28 | 0.88 |
| 31 March 2024 | 0.98 | 1.12 |
| 31 March 2025 | 1.28 | 0.72 |
| 31 March 2026 | 1.06 | 1.03 |
| Beyond 31 March 2026 | 13.84 | 11.66 |

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

**(viii) Expected contribution**

The expected future employer contributions for defined benefit plan ₹ 2.58 Crores as at 31 March 2021 [31 March 2020 : ₹ 2.24 Crores].

**c) Other long-term employee benefits**

An amount of ₹ 1.10 Crores [31 March 2020 : ₹ 0.96 Crore] pertains to expense towards compensated absences and included in "employee benefit expense".

## 36. Dues to micro, small and medium enterprises

On the basis of confirmations obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Principal amount remaining unpaid | 1.56 | 3.25 |
| Interest due thereon | 0.15 | 0.07 |
| 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 and service providers beyond the appointed day during the year | 20.35 | 6.81 |
| 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 | - | - |
| Interest accrued and remaining unpaid as at end of the year | 0.53 | 0.38 |
| Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006. | - | - |

## 37. Segment information

**Basis of segmentation:**

The Company's primary business segment is reflected based on principal business activities carried on by the Company. Chairman and Managing Director has been identified as being the Chief Operating Decision Maker ('CODM') and evaluates the Company's performance and allocates resources based on analysis of the various performance indicators of the Company as a single unit. As per Indian Accounting Standard 108, Operating Segments, as notified under the Companies (Indian Accounting Standards) Rules 2015, the Company operates in one reportable business segment i.e., manufacturing and trading of polyester goods.

**Geographical information:**

The geographical information analyses the Company's revenue and trade receivables from such revenue in India and other countries. In presenting the geographical information, segment revenue and receivables has been based on the geographic location of customers.

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **a) Revenue:** | | |
| Domestic | 1,593.55 | 1,593.87 |
| Overseas* | 429.24 | 513.64 |
| | **2,022.79** | **2,107.51** |

# Notes to the Standalone financial statements
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| ***Revenue from overseas countries:** | | |
| Turkey | 83.54 | 186.41 |
| Nepal | 106.89 | 76.91 |
| Bangladesh | 62.88 | 30.66 |
| Other overseas countries | 175.92 | 219.65 |

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **b) Trade receivables:** | | |
| Domestic | 52.35 | 52.87 |
| Overseas* | 52.86 | 38.59 |
| | **105.21** | **91.46** |
| ***Trade receivables from overseas countries:** | | |
| Turkey | 7.32 | 8.92 |
| Nepal | 22.61 | 4.65 |
| Bangladesh | 6.95 | 0.68 |
| Other overseas countries | 15.98 | 24.34 |
| | **52.86** | **38.59** |
| c) Non-current assets: | | |
| Domestic* | 729.42 | 732.88 |
| Overseas | - | - |
| | **729.42** | **732.88** |

*excluding deferred tax and income tax assets

Note:
1. Gross revenues from none of the customer [31 March 2020 : none] exceed 10% or more of the Company's total gross revenue.

## 38. Financial instruments - accounting classifications and fair value measurements
The fair values of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sales.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade and other short-term receivables, investments, loans and advances and other current liabilities approximated their carrying amounts largely due to the short-term maturities of these instruments.

2. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

### A. Accounting classifications and fair values

The following tables shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

| As at 31 March 2021<br>Financial instruments by category | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets at amortised costs** | | | | |
| Trade receivables | - | - | 105.21 | 105.21 |
| Cash and cash equivalents | - | - | 2.42 | 2.42 |
| Bank balances other than cash and cash equivalents | - | - | 5.62 | 5.62 |
| Other financial assets | - | - | 190.53 | 190.53 |
| Loans [non-current] | - | 3.56 | - | 3.56 |
| Non-current bank balances | - | 1.18 | - | 1.18 |
| **Financial assets at FVTPL** | | | | |
| Non-current investments | - | - | 3.00 | 3.00 |
| Current investments | 0.07 | - | - | 0.07 |
| **Total** | **0.07** | **4.74** | **306.78** | **311.59** |
| **Financial liabilities at amortised cost** | | | | |
| Borrowings | - | 71.18 | - | 71.18 |
| Trade payables | - | 854.00 | - | 854.00 |
| Other financial liabilities | - | 15.07 | - | 15.07 |
| Long-term borrowings [including current maturities] | - | 306.50 | - | 306.50 |
| Non-current lease liabilities | - | 12.46 | - | 12.46 |
| Current lease liabilities | - | 5.03 | - | 5.03 |
| **Total** | **-** | **1,264.24** | **-** | **1,264.24** |

| As at 31 March 2020<br>Financial instruments by category | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets at amortised costs** | | | | |
| Trade receivables | - | - | 91.46 | 91.46 |
| Cash and cash equivalents | - | - | 12.50 | 12.50 |
| Bank balances other than cash and cash equivalents | - | - | 9.96 | 9.96 |
| Other financial assets | - | - | 207.00 | 207.00 |
| Loans [non-current] | - | 3.35 | - | 3.35 |
| Non-current bank balances | - | 1.53 | - | 1.53 |
| **Financial assets at FVTPL** | | | | |
| Non-current investments | - | - | 1.00 | 1.00 |
| Current investments | 0.06 | - | - | 0.06 |
| **Total** | **0.06** | **4.88** | **321.92** | **326.86** |
| **Financial liabilities at amortised cost** | | | | |
| Borrowings | - | 92.87 | - | 92.87 |
| Trade payables | - | 551.67 | - | 551.67 |
| Other financial liabilities | - | 22.67 | - | 22.67 |
| Long-term borrowings [including current maturities] | - | 378.50 | - | 378.50 |
| Non-current lease liabilities | - | 16.99 | - | 16.99 |
| Current lease liabilities | - | 4.57 | - | 4.57 |
| **Total** | **-** | **1,067.27** | **-** | **1,067.27** |

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)



### B. Measurement of fair values

Assets and liabilities are to be measured based on the following valuation techniques:

Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income approach – Converting the future amounts based on market expectations to its present value using the discounting methodology.

Cost approach – Replacement cost method.

Quoted market prices in active markets are available for investments in securities and, as such, these investments are classified within Level 1.

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments which are traded in stock exchanges and valued using closing price at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on the conditions existing at the end of each reporting period.



The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The management assessed that the fair values of cash and cash equivalents, bank balances other than cash and cash equivalents, non-current bank balances, trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

2. The fair value of Company's fixed interest-bearing loans that approximate to their carrying amounts as it is based on discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

3. All the other long-term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values:

| | **As at 31 March 2021** | As at 31 March 2020 |
|---|---|---|
| Balance at the beginning of the year | 1.00 | - |
| Additions during the year | 2.00 | 1.00 |
| **Balance at the end of the year** | **3.00** | **1.00** |

### C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- credit risk
- liquidity risk
- market risk

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

**(i) Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities

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

**(ii) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

The carrying amounts of financial assets represent the maximum credit risk exposure

**Trade receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company review includes external information, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Credit limits are established for each customer and reviewed periodically. Any sales exceeding those limits require approval from the risk management committee.

The Company limits its exposure to credit risk from trade receivables by establishing a credit period for all customer categories. In case of delay beyond credit period, the interest is generally recovered at the rate of 12% to 18%. Most of the Company's customers have been transacting with the Company from past few years, and most of these customers' balances are not credit-impaired at the reporting date except in few cases reported. Identifying concentrations of credit risk requires judgement in the light of specific circumstances. The Company monitors ageing of its trade receivables regularly and based on the same takes corrective action. Trade receivables having ageing more than 180 days is monitored individually and loss allowance is created based on such assessment.

A summary of the Company's exposure to credit risk for trade receivables based on the ageing is as follows:

**Ageing of receivables**

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | **Gross carrying amount** | **Expected credit loss** | "Gross carrying amount" | Expected credit loss |
| Less than 180 days | 100.43 | - | 86.69 | - |
| More than 180 days | 62.58 | 57.80 | 60.13 | 55.36 |
| | 163.01 | 57.80 | 146.82 | 55.36 |

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

The movement in the allowance for impairment in respect of trade receivables and loans is as follows:

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Balance at the beginning of the year | 55.36 | 55.54 |
| Expected credit loss during the year [net of reversal] | 2.44 | (0.18) |
| **Balance at the end of the year** | 57.80 | 55.36 |

### (iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

| | Not more than 1 year | Later than 1 year | Total |
|---|---|---|---|
| **As at 31 March 2021** | | | |
| Long-term borrowings* | 73.65 | 232.85 | 306.50 |
| Trade payables | 854.00 | - | 854.00 |
| Short-term borrowings* | 71.18 | - | 71.18 |
| Other financial liabilities | 20.10 | 12.46 | 32.56 |
| **Total** | **1,018.93** | **245.31** | **1,264.24** |

| | Not more than 1 year | Later than 1 year | Total |
|---|---|---|---|
| **As at 31 March 2020** | | | |
| Long-term borrowings* | 72.00 | 306.50 | 378.50 |
| Trade payables | 551.67 | - | 551.67 |
| Short-term borrowings* | 92.87 | - | 92.87 |
| Other financial liabilities | 27.24 | 16.99 | 44.23 |
| **Total** | **743.78** | **323.49** | **1,067.27** |

* excluding contractual interest payable at prevalent/agreed rate of interest.

"The Company has secured bank loans that contains certain loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table. Covenants are monitored on regular basis by the treasury department and regularly reported to management to ensure compliance with the agreement. As at 31 March 2021, the Company has not complied with certain financial covenants mentioned under the terms of borrowings for which waiver has already been requested from the lenders. However, based on the past experience and/or on the discussions with the banks and considering the facts of the case, the management believes that the default is minor and waiver will be granted in due course in respect of these financial covenants and no material financial obligation on part of the Company, is likely to arise in respect of the above matter and thus, no adjustments are required in these financial statements in this regard.

The interest payments on variable interest rate loans in the table above reflect spot interest rates at the reporting date and these amounts may change as market interest rates change. However, the Company doesn't expect significant different amount on account of change in market interest rate changes.

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

**(iv) Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and commodity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return

**Commodity price risk**

Commodity price risk arises due to fluctuation in prices of crude oil. The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs. The Company's commodity risk is managed centrally through well-established control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives to hedge its exposure, as and when required.

**Currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated. The currencies in which these transactions are primarily denominated are US dollars, Japanese Yen and Euro. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date, as and when required.

**Exposure to currency risk**

The summary quantitative data about the Company's exposure to currency risk (based on notional amounts) as reported to the management is as follows

**(i) Unhedged foreign currency risk exposure:**

| Partucalurs | As at 31 March 2021 Currency | Amount in foreign currency (in million) | Exchange rate (in ₹) | Unhedged amount (in ₹ Crores) |
|---|---|---|---|---|
| **Trade payables** | USD | 46.11 | 73.12 | 337.15 |
| | Euro | 0.02 | 85.80 | 0.19 |
| | JPY | 69.37 | 0.66 | 4.58 |
| Trade receivables | USD | (7.23) | 73.11 | (52.86) |
| **Net exposure in respect of recognised assets and liabilities** | | | | **289.06** |

| Partucalurs | As at 31 March 2020 Currency | Amount in foreign currency (in million) | Exchange rate (in ₹) | Unhedged amount (in ₹ Crores) |
|---|---|---|---|---|
| **Trade payables** | USD | 15.45 | 75.69 | 116.97 |
| | Euro | 0.01 | 82.86 | 0.08 |
| | JPY | 59.58 | 0.70 | 4.15 |
| Loans [including interest payable] | USD | 0.55 | 75.69 | 4.14 |
| | Euro | 5.11 | 82.86 | 42.32 |
| Trade receivables | USD | (4.10) | 75.68 | (31.03) |
| **Net exposure in respect of recognised assets and liabilities** | | | | **136.63** |

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

**(ii) Hedged foreign currency risk exposure:**

| | | As at 31 March 2021 | | | |
|---|---|---|---|---|---|
| | | **Currency** | **Amount in foreign currency (in million)** | **Strike rate (in ₹ )** | **Hedged amount (in ₹ Crores)** |
| Forward contract | To take protection against movement in foreign exchange rates in respect of receivable against exports | USD | - | - | - |

| | | As at 31 March 2020 | | | |
|---|---|---|---|---|---|
| | | Currency | "Amount in foreign currency (in million)" | "Strike rate (in ₹ )" | "Hedged amount (in ₹ Crores)" |
| Forward contract | To take protection against movement in foreign exchange rates in respect of receivable against exports | USD | 1.00 | 74.41 | 7.44 |
| | | | | | **7.44** |

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR, USD, JPY and Euro against all other currencies at year end would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| | | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|---|
| | | **Increase in profit** | **Decrease in profit** | Increase in profit | Decrease in profit |
| **Currency (changes in currency value by 5%)** | | | | | |
| USD | 5% movement | 14.22 | (14.22) | 4.50 | (4.50) |
| Euro | 5% movement | 0.01 | (0.01) | 2.12 | (2.12) |
| JPY | 5% movement | 0.23 | (0.23) | 0.21 | (0.21) |

### Exposure to interest rate risk

The following table demonstrates the sensitivity on the Company's profit before tax, to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant:

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | **Increase** | **Decrease** | Increase | Decrease |
| **Changes in interest cost by 5%** | | | | |
| On term loans | 1.63 | (1.63) | 1.66 | (1.66) |
| On short-term loans | 0.53 | (0.53) | 0.17 | (0.17) |

## D. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Company's Capital Management is to maximise the shareholder's value. Management also monitors the return on capital. The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Total liabilities | 1,360.23 | 1,261.05 |
| Less: cash and cash equivalents | 2.42 | 12.50 |
| **Adjusted net debt** | **1,357.81** | **1,248.55** |
| Total equity | 333.09 | 333.09 |
| Adjusted net debt to equity ratio | 4.08 | 4.08 |

## 39. Leases

### Lease liabilities are presented in the statement of financial position as follows:

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Current | 5.03 | 4.57 |
| Non-current | 12.46 | 16.99 |
| | **17.49** | **21.56** |

### Adoption of Ind AS 116 'Leases'

Ind AS 116 'Leases' replaced Ind AS 17 'Leases' along with three interpretations (Appendix A 'operating leases-incentives', Appendix B 'evaluating the substance of transactions involving the legal form of a lease' and Appendix C 'determining whether an arrangement contains a lease')

The adoption of this new Standard had resulted in the Company recognising a right-of-use assets and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.



The new Standard had been applied using the modified retrospective method along with the transition option to recognise right-of-use assets at an amount equal to the Lease Liability.

The Company had elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being 01 April 2019. At this date, the Company had also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company had relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS 116.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months the Company had applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

On transition to Ind AS 116, the weighted average incremental borrowing rate applied to lease liabilities recognised under Ind AS 116 was 9.50%.

### A. Reconciliation of total operating lease commitments at 31 March 2019 to the lease liabilities recognised at 01 April 2019 :

| Particulars | Amount |
|---|---|
| Operating lease commitments at 31 March 2019 | 36.53 |
| Remeasurement | 8.73 |

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

| Particulars | Amount |
|---|---|
| Lease liabilities at 1 April 2019 | 27.80 |

**B. The following are amounts recognised in profit or loss :**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Depreciation expense of right-of-use assets | 5.34 | 5.30 |
| Interest expense on lease liabilities | 1.85 | 2.42 |
| Rent expense* | 7.01 | 4.06 |
| **Total** | **14.20** | **11.78** |

*Rent expense in term of short-term leases and low value leases

The Company has leases for office premises, residential properties and storage facilities. With the exception of short-term leases and low value leases, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. The Company is prohibited from selling or pledging the underlying leased assets as security.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

| Right-of-use asset | No of right-of-use assets leased | Range of remaining term (in years) | Average remaining lease term | No of leases with extension options | No of leases with termination options |
|---|---|---|---|---|---|
| Buildings | | | | | |
| - 31 March 2021 | 3 | 3-7 years | 3.20 | 2 | - |
| - 31 March 2020 | 3 | 3-7 years | 4.20 | 2 | - |

The maturity analysis of lease liabilities are disclosed in note 39.

**Lease payments not recognised as a liability**

The Company has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Company does not have any liability to make variable lease payments for the right-to-use the underlying asset recognised in the financials.

The expense relating to payments not included in the measurement of the lease liability for short-term leases and leases of low value is ₹ 7.01 Crores (31 March 2020 : ₹ 4.06 Crores)

At 31 March 2021, the Company was committed to short term-leases and leases of low value, and the total commitment as at that date was ₹ 5.24 Crores (31 March 2020 : ₹ 0.70 Crore)

Total cash outflow for short term-leases and leases of low value for the year ended 31 March 2021 was ₹ 7.23 Crores (31 March 2020 : ₹ 3.84 Crores).

**40.** Particulars of investments made as required by clause (4) of Section 186 of the Companies Act, 2013 and as required by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been given under the investment schedule. Refer note 5(a).

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

## 41. Related party disclosure

### a) Disclosure of related parties and relationship between the parties

| Nature of relationship | Name of related party |
|---|---|
| i) Key managerial personnel | Mr. Om Prakash Lohia [Chairman and Managing Director ('CMD')] |
| | Mr. Vishal Lohia [Whole Time Director ('WTD')] |
| | Mrs. Urmila Lohia [Relative of CMD] |
| | Mr. Aloke Lohia [Relative of CMD] |
| | Mrs. Ritika Kumar [Relative of CMD] |
| | Mrs. Rimple Lohia [Relative of ED] |
| | Mr. Udey Paul Singh Gill [Non-Executive Non-Independent Director] [appointed w.e.f. 3 April 2019 till 20 January 2021] |
| | Mr. Dhanendra Kumar [Non-Executive Independent Director] [appointed w.e.f. 14 February 2020] |
| | Mr. Dilip Kumar Agrawal [Non-Executive Non-Independent Director] [appointed w.e.f. 20 January 2021] |
| | Mr. M N Sudhindra Rao [Chief Executive Officer] [also appointed as Executive Director w.e.f. 3 April 2019 till 29 October 2020] |
| | Mr. Hemant Balkrishna Bal [{Whole Time Director ('WTD')} appointed w.e.f 30 October 2020] |
| | Mrs. Ranjana Agarwal [Non-Executive Independent Director] |
| | Mr. Suman Jyoti Khaitan [Non-Executive Independent Director] |
| | Dr. Arvind Pandalai [Non-Executive Independent Director] |
| ii) Other group entities over which Key Management Personnel and their relatives are able to exercise significant influence (with whom transaction have taken place) | Indorama Petrochem Limited |
| | Indorama Polyester Industries Public Company Limited |
| | Indorama Industries Limited |
| | TPT Petrochemicals Public Company Limited |
| | IVL Dhunseri Petrochem Industries Private Limited |
| | StarPet Inc. |
| | Trevira -Indorama Ventures Company |
| | PT. Indorama Polychem Indonesia |
| iii) Enterprises having significant influence on the Company | Brookgrange Investments Limited |
| iv) Controlling Company | Indorama Netherlands BV [controlling company]* |
| | Indorama Ventures Public Company Limited [ultimate controlling company]** |
| v) Subsidiary Company | Indorama Yarns Private Limited [incorporated on 16 August 2019] |

* During the previous year ended 31 March 2020 and pursuant to equity infusion, INBV controls the Company through management control and also appointed additional Key Management Personnel in the Company, refer note 14.

The Company has availability of additional credit lines with the support of the promoter Group Company to the tune of USD 35 million [31 March 2020 : USD 50 million] by way of the Stand By Letter of Credit (SBLC) to meet any unforeseen exigencies. Further, Company has utlised credit lines towards fund based and non fund based facilities with the support of the promoter Group Company amounting to ₹ 290.33 Crores [31 March 2020 : nil].

### b) Disclosure of transactions between the Company and its related parties

| | **For the year ended 31 March 2021** | For the year ended 31 March 2020 |
|---|---|---|
| i) Other group entities over which Key Management Personnel and their relatives are able to exercise significant influence | | |
| **Foreign currency fluctuations** | | |
| Indorama Petrochem Limited | - | 1.48 |
| **Purchases of goods and services** | | |

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Indorama Industries Limited | 7.87 | 11.84 |
| Indorama Petrochem Limited | 78.95 | 5.75 |
| TPT Petrochemicals Public Company Limited | - | 6.04 |
| IVL Dhunseri Petrochem Industries Private Limited | 7.91 | - |
| StarPet Inc. | - | 0.59 |
| Trevira -Indorama Ventures Company | 0.02 | - |
| PT. Indorama Polychem Indonesia | - | 0.10 |
| **Sale of goods and services** | | |
| Indorama Polyester Industries Public Company Limited | 77.87 | - |
| Indorama Industries Limited | 0.71 | 12.53 |
| Indorama Yarns Private Limited | 1.06 | - |
| **ii) Key Managerial Personnel** | | |
| **Remuneration** | | |
| Short-term employee benefits | 5.72 | 7.83 |
| Other long-term benefits | 0.65 | (0.11) |
| Post-employment defined benefit | 0.06 | 0.02 |
| | **6.43** | **7.74** |
| **Other transactions [Non-executive independent director]** | | |
| Rent income | 0.16 | 0.16 |
| | **0.16** | **0.16** |
| Director sitting fees | 0.30 | 0.17 |
| | **0.30** | **0.17** |
| **Interest on optionally convertible debentures** | | |
| Mr. Om Prakash Lohia | - | 0.74 |
| | - | 0.74 |

## c) Disclosure of related parties year end balances

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **i) Other group entities over which Key Management Personnel and their relatives are able to exercise significant influence** | | |
| **Trade payables** | | |
| Indorama Industries Limited | 2.69 | 1.54 |
| Indorama Petrochem Limited | 47.75 | 17.15 |
| IVL Dhunseri Petrochem Industries Private Limited | - | 3.83 |
| StarPet Inc. | - | 0.59 |
| **Advance from customers** | | |
| Indorama Industries Limited | 0.01 | 0.10 |
| Indorama Polyester Industries Public Company Limited | 10.90 | 100.65 |
| **ii) Key managerial personnel** | | |
| Provision for gratuity and compensated absences [based on acturial valuation] | | |
| Employee benefits | 1.89 | 1.18 |

d) During the year ended 31 March 2021, the Company has paid remuneration to its managing director of ₹ 2.32 Crores which is in excess of the limits laid down under section 197 read with the Schedule V of the Companies Act, 2013 by ₹ 0.47 Croresand has also paid remuneration to its whole time director of ₹ 0.40 Croreswhich is in excess of limits laid down under section 197 by ₹ 0.22 Croresbut within the limits as laid down in Schedule V to the Companies Act, 2013. The Company is in the process of obtaining necessary approvals from its shareholders as per the provisions of Section 197 and Schedule V to the Companies Act, 2013 at the ensuing Annual General Meeting by way of ordinary resolution/special resolution, as applicable. Also, if the

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

aforesaid approvals are not granted by the shareholders of the Company in the ensuing Annual General Meeting, such directors will comply with requirements of Section 197 (9) of the Companies Act, 2013

## 42. Exceptional item

The exceptional item for the year ended 31 March 2021 is towards significant write down in valuation of inventories below cost amounting to ₹ 11.63 Crores [31 March 2020 : Nil] which was on account of unprecedented decline in global crude oil prices as an outcome of COVID-19 Pandemic.

## 43. Corporate social responsibility

In accordance with the provisions of section 135 of the Companies Act 2013, 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 is not required to spend any amount towards CSR activities during the current and previous year.

**44.** In March 2020, World Health Organisation (WHO) had declared the outbreak of Novel Corona virus "Covid-19" as a pandemic. Complying with the directives of Government, the plant and offices of the Company had been under lock-down impacting the operations for the year.

However, the recent second wave of COVID-19 has resulted in re-imposition of partial lockdowns/ restrictions in various states, which might continue to impact the Company's performance.

Given the uncertainty of quick turnaround to normalcy, post lifting of the lock down, the Company has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Company does not foresee any significant incremental risk to the recoverability of its assets or in its ability to meet its financial obligations over the foreseeable future, given early and required steps taken to contain, protect and mitigate the exposure. The management will continue to monitor any material change arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.

**45**. The Company has availability of additional credit lines with the support of the promoter Group Company to the tune of USD 35 million [31 March 2020 : USD 50 million] by way of the Stand By Letter of Credit (SBLC) to meet any unforeseen exigencies. Further, Company has utlised credit lines towards fund based and non fund based facilities with the support of the promoter Group Company amounting to ₹ 290.33 Crores [31 March 2020 : nil].

**46.** The Company's business comprises of manufacture and sale of polyester products. The management has reassessed the carrying value of deferred tax assets amounting to ₹ 110.01 Crores and additionally recognised ₹ 98.52 Crores on the basis of improved operational and market performance achieved during the year ended 31 March 2021. Management is confident about the achievement of its long-term business plans and availability of sufficient future taxable profits against which deferred tax amounting to ₹ 208.53 Crores is fully recoverable.

**47.** The management reassessed remaining useful life of certain assets in the block of plant and equipment with effect from 1 April 2020 on the basis of assessment made by external technical experts. Depending upon the operating conditions and usability of assets, the useful life of the said assets which was hitherto 18 years have been revised to 20 years in case of utilities and to 45 years for the processing plants. Due to this reassessment of remaining useful life, the depreciation for the year ended 31 March 2021 is lower by ₹ 51.53 Crores, whereas the profit for the corresponding period is higher by ₹ 47.48 Crores respectively.

**48.** Per transfer pricing legislation under section 92-92F of the Income-tax Act 1961, the Company is required to use certain specific methods in computing arm's length price of international transactions with associated enterprises and maintains adequate documentation in this respect. The legislations require that such information and documentation to be contemporaneous in nature. The

# Notes to the Standalone financial statements

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ crores, unless stated otherwise)

Company has appointed independent consultants for conducting the Transfer Pricing Study to determine whether the transactions with associated enterprises undertake during the financial year are on an "arm's length basis". The Company is in the process of conducting a transfer pricing study for the current financial year and expects such records to be in existence latest by the due date as required by law. However, in the opinion of the management the update would not have a material impact on these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

**49.** During the year ended 31 March 2021, the Company has reclassified/regrouped certain previous year's balances. Refer below for details:-

**Reclassification of financial information of previous year ended 31 March 2020**

| Details | Nature of reclassification | Amount (₹ Crores) |
|---|---|---|
| Balance recoverable from Government authorities | Reclassed from 'Other Current Assets' disclosed under note 9 to 'Other Current Financial Assets' disclosed under note 7 | 202.12 |
| Excess liabilities written back | Reclassed from 'Other operating income' disclosed under note 22 to 'Other Income' disclosed under note 23 | 14.54 |

**50.** The standalone financial statements were approved for issue by the board of directors on 19 May 2021.

Notes 1 to 50 forms an integral part of these standalone financial statements



For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

**Tarun Gupta**
Partner
Membership No.: 507892
UDIN: 21507892AAAABY5637
Place: New Delhi
Date: 19 May 2021

For **Indo Rama Synthetics (India) Limited**

**Om Prakash Lohia**
Chairman and Managing Director
DIN : 00206807
Place: New Delhi
Date: 19 May 2021

**Arvind Pandalai**
Director
DIN : 00352809
Place: New Delhi
Date: 19 May 2021

**M N Sudhindra Rao**
Chief Executive Officer
ICAI Membership No.: 100-35548
Place: Mumbai
Date: 19 May 2021

**Umesh Kumar Agrawal**
Chief Commercial and Financial Officer
ICAI Membership No.: 055210
Place: Gurugram
Date: 19 May 2021

**Pawan Kumar Thakur**
Company Secretary
ICSI Membership No.: FCS6474
Place: Gurugram
Date: 19 May 2021