**B.K. GOEL & ASSOCIATES**
**CHARTERED ACCOUNTANTS**

Phone: 40158777, 41011335
P-16, N.D.S.E. II 1st Floor
NEW DELHI-110049

The Board of Directors
Sunflame Enterprise Private Limited
Khasra No. 72/4/7, Mundka
Industrial Area (North Side)
Village - Ghevra
New Delhi – 110041

**Report on special purpose financial statements**

1. This report is issued in accordance with the terms of our agreement.

2. We have audited the accompanying special purpose financial statements of Sunflame Enterprises Private Limited (the "Company") which comprise the balance sheet as at March 31, 2023, and the statement of profit and loss, Statement of Cash Flows and the statement of changes in equity for the period January 12, 2023 to March 31, 2023 and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

**Management's Responsibility for the Financial Statements**

3. Management is responsible for the preparation of these special purpose financial statements in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent considered relevant by it for the purpose for which these special purpose financial statements have been prepared (the "accounting principles generally accepted in India"). The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

4. Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("the Act") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

B.K. GOEL & ASSOCIATES Chartered Accountants NEW DELHI

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expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

7. Based on our audit, we report that:

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

   b. The Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows dealt with by this report are in agreement with the books of account;

   c. In our opinion and to the best of our information and according to the explanations given to us, the special purpose financial statements, together with the notes thereon and attached thereto, fairly present, in all material respects, in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, the state of affairs of the Company as at March 31, 2023;

(ii) in the case of the Statement of Profit and Loss, the profit for the period January 12, 2023 to March 31, 2023;

(iii) in the case of Statement of Changes in Equity, of the change in equity for the period January 12, 2023 to March 31, 2023; and

(iv) in the case of the Statement of Cash Flows, of the cash flows for the period ended March 31, 2023.

**Other Matter**

8. The special purpose financial statements dealt with by this report, have been prepared for the express purpose to enable the Group auditor's (PWC) to express opinion on consolidated financial statements of V-Guard group for the year ended March 31, 2023 pursuant to the agreement between the Company and B.K. Goel & Associates.

**Restriction on Use**

9. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company

or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

10. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes set out in paragraph 8 above. This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose except with our prior consent in writing. B.K Goel & Associates neither accepts nor assumes any duty, responsibility or liability to any other party or for any other purpose.

**For B.K Goel & Associates**
Firm Registration No: 016642N
Chartered Accountants

B.K. GOEL & ASSOCIATES Chartered Accountants NEW DELHI

Place: Gurugram
Date:15.05.2023

**B.K Goel**
(Proprietor)
Membership No: 082081
UDIN 23082081BGWNFE9823

**Sunflame Enterprises Private Limited**
**Special Purpose Financial Statement as at March 31, 2023**
**(Amount in ₹ lakhs, unless otherwise stated)**

| Particulars | Notes | As at March 31, 2023 | Opening as at January 12, 2023 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 4,209.94 | 4,247.48 |
| Right-of-use assets | 3 | 220.52 | - |
| Investment Property | 4 | 150.00 | 150.00 |
| Other intangible assets | 5 | 2.48 | 3.37 |
| Financial assets | | | |
| Investments | 6 | 0.45 | 0.45 |
| Loans | 7 | 400.00 | 400.00 |
| Deferred tax assets (net) | 31 | 34.97 | 33.71 |
| Other non-current assets | 8 | 15.36 | 15.38 |
| **Total non-current assets** | | **5,033.72** | **4,850.39** |
| **Current assets** | | | |
| Inventories | 9 | 3,642.84 | 3,214.13 |
| Financial assets | | | |
| Trade receivables | 10 | 3,358.85 | 4,297.91 |
| Cash and cash equivalents | 11 | 634.83 | 138.98 |
| Other bank balances | 11 | 2,688.33 | 874.65 |
| Current tax assets (net) | 12 | 39.40 | 121.99 |
| Other current assets | 13 | 184.59 | 124.72 |
| **Total current assets** | | **10,548.84** | **8,772.38** |
| **Total Assets** | | **15,582.56** | **13,622.77** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 14 | 15.65 | 15.65 |
| Other equity | 15 | 11,271.44 | 10,597.79 |
| **Total Equity** | | **11,287.09** | **10,613.44** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | 16 | 120.24 | - |
| Provisions | 17 | 18.36 | 20.82 |
| Other non-current liabilities | 18 | 168.69 | 169.16 |
| **Total non-current liabilities** | | **307.29** | **189.98** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | 16 | 101.70 | - |
| Trade payables | 19 | | |
| Total outstanding dues of micro enterprises and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 3,334.21 | 1,626.22 |
| Other current liabilities | 20 | 489.69 | 1,184.76 |
| Current tax liabilities (net) | 21 | 55.47 | - |
| Provisions | 22 | 7.11 | 8.37 |
| **Total current liabilities** | | **3,988.18** | **2,819.35** |
| **Total liabilities** | | **4,295.47** | **3,009.33** |
| **Total equity and liabilities** | | **15,582.56** | **13,622.77** |

The accompanying notes are an integral part of the special purpose financial statements.

As per our report of even date

**For B.K. Goel & Associates**
**Chartered Accountants**

B.K. GOEL & ASSOCIATES Chartered Accountants NEW DELHI

**B.K. Goel**

Proprietor
Membership No. : 082081
Firm Registration No. :016642N
Place: Gurugram
Date: May 15, 2023

UDIN 23082081BGWNFE9823

**For and on behalf of the Board of Directors of**
**Sunflame Enterprises Private Limited**

**Anish Mathews**
**CEO**
Place: Gurugram
Date: May 15, 2023

**Ramachandran Venkataraman**
**Director**
DIN: 06576300
Place: Gurugram
Date: May 15, 2023

**Anjana Narwal**
**Director**
DIN: 10061613
Place: Gurugram
Date: May 15, 2023

**Sunflame Enterprises Private Limited**
**Special Purpose Financial Statement for the period January 12, 2023 to March 31, 2023**
**(Amount in ₹ lakhs, unless otherwise stated)**

| Particulars | Notes | (₹ in lakhs) For the period January 12, 2023 to March 31, 2023 |
|---|---|---|
| **Revenue** | | |
| Revenue from operations | 23 | 5,690.10 |
| Other income | 24 | 46.21 |
| **Total income** | | **5,736.31** |
| **Expenses** | | |
| Cost of materials consumed | 25a | 1,340.85 |
| Purchases of Finished Products | 26 | 2,600.35 |
| Changes in Inventories | 25b | (452.99) |
| Employee benefits expense | 27 | 283.24 |
| Finance costs | 28 | 4.63 |
| Depreciation and amortization expense | 29 | 93.87 |
| Other expenses | 30 | 973.89 |
| **Total expenses** | | **4,843.84** |
| **Profit/(loss) before exceptional items and tax** | | **892.47** |
| Exceptional Items | | **-** |
| **Profit before tax** | | **892.47** |
| Current tax expense | 31 | 222.05 |
| Income tax adjustment related to prior years | | - |
| Net deferred tax benefit | | (1.76) |
| **Income tax expense** | | **220.29** |
| **Profit after tax** | | **672.18** |
| **Other comprehensive income** | | |
| **A. Items that will not be reclassified to profit or loss** | | |
| Re-measurement losses on defined benefit plans | | **1.96** |
| Tax impact on above | | **(0.49)** |
| | | **1.47** |
| **B. Items that will be reclassified to profit or loss** | | - |
| **Total other comprehensive gain for the year, net of tax** | | **1.47** |
| **Total comprehensive income for the year** | | **673.65** |
| **Earnings per equity share:** | | |
| Basic and diluted | | 4,295.07 |

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For B.K. Goel & Associates**
**Chartered Accountants**

**B.K. Goel**

**Proprietor**
Membership No. : 082081
Firm Registration No. :016642N
Place: Gurugram
Date: May 15, 2023

B.K. GOEL & ASSOCIATES Chartered Accountants NEW DELHI

UDIN 23082081BGWNFE9823

| **Anish Mathews** | **Ramachandran Venkataraman** | **Anjana Narwal** |
|---|---|---|
| CEO | Director DIN: 06576300 | Director DIN: 10061613 |
| Place: Gurugram Date: May 15, 2023 | Place: Gurugram Date: May 15, 2023 | Place: Gurugram Date: May 15, 2023 |

**(Amount in ₹ lakhs, unless otherwise stated)**

| **Particulars** | **For the period January 12, 2023 to March 31, 2023** |
|---|---|
| **Cash flow from operating activities** | |
| **Profit before tax** | **892.47** |
| **Adjustment to reconcile profit before tax to net cash flows** | |
| Depreciation and amortization expense | 93.87 |
| Finance cost | 4.63 |
| Finance income | (38.67) |
| **Operating profit before working capital changes** | **952.30** |
| **Movements in working capital:** | |
| Trade payables | 1,707.99 |
| Inventory | (428.71) |
| Current tax liabilities (net) | 55.47 |
| Deferred tax assets (net) | (1.26) |
| Provisions | (2.26) |
| Current tax assets (net) | 82.60 |
| Trade receivables | 939.06 |
| Other non current liabilities | (0.47) |
| Other current liabilities | (695.07) |
| Other current assets | (59.87) |
| Other non current assets | 0.02 |
| **Cash generated from operations** | **2,549.80** |
| Direct taxes paid (net of refunds) | (220.29) |
| **Net cash generated from operating activities (A)** | **2,329.51** |
| **Cash flows from investing activities** | |
| Net sales/(Purchases) of property, plant and equipment, including CWIP | (29.12) |
| Investments in bank deposits (net) | (1,813.68) |
| Interest received | 38.68 |
| **Net cash generated from/(used in) investing activities (B)** | **(1,804.12)** |
| **Cash flows from financing activities** | |
| Lease Payments made during the year | (29.39) |
| Other interest costs | (0.15) |
| **Net cash used in financing activities (C)** | **(29.54)** |
| **Net decrease in cash and cash equivalents (A+B+C)** | **495.85** |
| Cash and cash equivalents at the beginning of the year | 138.98 |
| **Cash and cash equivalents at the end of the year** | **634.83** |

The accompanying notes are an integral part of the special purpose financial statements.

**For B.K. Goel & Associates**
**Chartered Accountants**

**B.K. Goel**

Proprietor
Membership No. : 082081
Firm Registration No. :016642N
Place: Gurugram
Date: May 15, 2023

UDIN 23082081BGWNFE9823

**For and on behalf of the Board of Directors of**
**Sunflame Enterprises Private Limited**

| | | |
|---|---|---|
| **Anish Mathews** | **Ramachandran Venkataraman** | **Anjana Narwal** |
| CEO | Director<br>DIN: 06576300 | Director<br>DIN: 10061613 |
| Place: Gurugram<br>Date: May 15, 2023 | Place: Gurugram<br>Date: May 15, 2023 | Place: Gurugram<br>Date: May 15, 2023 |

**Sunflame Enterprises Private Limited**
**Notes Forming Part of the Special Purpose Financial Statements**
**(Amount in ₹ lakhs, unless otherwise stated)**

**Statement of changes in equity**
**For the period ended March 31, 2023**

**(a) Equity share capital**

| Particulars | Number of shares | ₹ in lakhs |
|---|---|---|
| **As at January 12, 2023** | 15,650 | 15.65 |
| Changes in equity share capital during the year | - | - |
| **As at March 31, 2023** | 15,650 | 15.65 |

**(b) Other equity**

(₹ in lakhs)

| Particulars | Reserves and surplus | | | OCI | Total |
|---|---|---|---|---|---|
| | Capital Redemption reserve | General reserve | Retained Earnings | | |
| **As at January 12, 2023** | 1.50 | 3,975.00 | 6,621.29 | - | 10,597.79 |
| Profit for the year | | | 672.18 | 1.47 | 673.65 |
| Remeasurement of the net defined benefit plan liability / asset, net of tax | - | - | - | - | |
| Transfer to capital redemption reserve | - | - | - | - | - |
| **As at March 31, 2023** | 1.50 | 3,975.00 | 7,293.47 | 1.47 | 11,271.44 |

As per our report of even date

**For B.K. Goel & Associates**
**Chartered Accountants**

**B.K. Goel**

Proprietor
Membership No. : 082081
Firm Registration No. :016642N
Place: Gurugram
Date: May 15, 2023
UDIN 23082081BGWNFE9823

**For and on behalf of the Board of Directors of**
**Sunflame Enterprises Private Limited**

| **Anish Mathews** | **Ramachandran Venkataraman** | **Anjana Narwal** |
|---|---|---|
| CEO | Director<br>DIN: 06576300 | Director<br>DIN: 10061613 |
| Place: Gurugram<br>Date: May 15, 2023 | Place: Gurugram<br>Date: May 15, 2023 | Place: Gurugram<br>Date: May 15, 2023 |

## 1 CORPORATE INFORMATION

Sunflame Enterprises Private Limited (hereinafter referred to as 'SEPL' or 'the Company') is a private limited company domiciled in India with its registered office at Khasra No. 72/4/7, Mundka Industrial Area (North Side) Village - Ghevra, New Delhi- 110041. The Company was incorporated on August 21, 1984. The Company is engaged in manufacturing and selling kitchen appliances in India. Company's product portfolio includes a wide range of kitchen appliances such as gas stoves, cooktops, chimneys, induction cookers, electric cookers, and more. The Company's manufacturing facility is located at IMT, Faridabad.

## 2 SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these Indian Accounting Standards (Ind AS) financial statements. These policies have been consistently applied to all the years except where newly issued accounting standard is initially adopted.

### 2.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities that are measured at fair value.

The financial statements are presented in Indian Rupees ('₹'). These Values are also rounded to nearest lakhs upto two decimal places (₹00,000), except when otherwise indicated.

### 2.2 Summary of significant accounting policies

#### a) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification. An asset is treated as current when it is:
• Expected to be realized or intended to be sold or consumed in normal operating cycle
• Held primarily for the purpose of trading
• Expected to be realized within twelve months after the reporting period, or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
• It is expected to be settled in normal operating cycle
• It is held primarily for the purpose of trading
• It is due to be settled within twelve months after the reporting period, or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

#### b) Foreign currencies

The Company's financial statements are presented in Indian Rupees ('₹') which is also the Company's functional currency.

**Transactions and balances**
Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.



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Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

**c) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for asset or liability, or
• In the absence of a principal market, in then most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to fair value measurement as a whole) at the end of each reporting period.

**d) Revenue**

**Revenue from contract with customers**
Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

**(i) Sale of products**
Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products to customer's premises. Company deals primarily with Super-distributors (General trade), Canteen stores, Police canteens, Modern retails, Institutional buyers & E-commerce platforms. The normal credit term is 7 to 60 days upon delivery of goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated if any. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).



B.K. GOEL & ASSOCIATES Chartered Accountants NEW DELHI

SUNFLAME ENTERPRISES (P) LTD. New Delhi

**Variable consideration**
If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts for the sale of goods provide customers with a right of return, cash discounts and volume rebates/trade incentives. The rights of return, cash discounts and volume rebates/ trade incentives give rise to variable consideration.

**Volume rebates**
The Company provides retrospective volume rebates / trade incentives to customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. The Company estimates the variable consideration for the expected future rebates / trade incentives based on its experience of the expected value. The Company then applies the requirements on constraining estimates of variable consideration.

**Trade receivables**
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

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

**(ii) Assets and liabilities arising from rights of return**

**Right of return assets**
Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

**Interest income**
For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the Statement of Profit and Loss.

**Dividends**
Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**e) Taxes**

**Current income tax**
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or equity). Current tax items are recognised in correlation to the underlying transactions either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

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B.K. GOEL & ASSOCIATES Chartered Accountants

**Deferred tax**

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
• When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
• In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

• When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
• In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Goods and services taxes paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the amount of goods and services taxes paid, except:
• When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
• When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

**f) Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of tax credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred.

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



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Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the Balance Sheet date.

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

Depreciation on property, plant and equipment is calculated on a written down value basis using the rates arrived at based on the useful lives estimated by the management. The Company identifies and determines cost of each component / part of the asset separately, if the component / part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

The Company has used the following useful lives to provide depreciation on its property, plant and equipment:

| Asset Category | Useful life estimated by the management (in years) |
|---|---|
| Factory land | NA |
| Factory Building | 30 |
| Plant & Machinery | 15 |
| Electrical Installations | 15 |
| Furniture & Fixtures | 10 |
| Lab Equipment | 10 |
| Motor Vehicles | 8 |
| Office Equipment | 5 |
| Computer Hardware | 3 |

**g) Investment properties**

Property that is held for long term rental yields or for capital appreciation or for both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction cost and where applicable, borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure is capitalised to asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance cost are expensed when incurred.

Investment properties are de-recognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in Statement of Profit and Loss in the period of de-recognition.

**h) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement of Profit and Loss in the period in which the expenditure is incurred.

Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is de-recognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from disposal of the intangible assets 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 assets are disposed.

Software is amortized over an estimated useful life of 3 years.

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**i) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**j) Leases**

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

**Company as a lessee**
The Company's lease asset class primarily comprise of lease for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets in the nature of buildings are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying asset. The right-of-use assets comprising of land is depreciated based on the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (l) Impairment of non-financial assets.

**ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in financial liabilities.

**iii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.



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**k) Inventories**

Inventories are valued at lower of cost or net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

• Raw materials, packing materials, consumables and stores and spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on FIFO basis. The materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
• Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excludes borrowing costs. Cost is determined on FIFO basis.
• Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on FIFO basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**l) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cashgenerating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**m) Provisions**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Contingent liabilities**
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each Balance Sheet date.



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**n) Employee benefits**

**Short term employee benefits**
All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Company during an accounting period, the Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages and short-term compensated absences and bonus etc. are recognized in Statement of Profit and Loss in the period in which the employee renders the related service.

**Defined contribution schemes**
Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare fund etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The Company has no obligation, other than the contribution payable to the fund towards such schemes. The Company recognizes contribution payable as an expense, when an employee renders the related services. If the contribution payable to scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

**Defined benefit scheme**
The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund maintained with Life Insurance Corporation of India. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.
Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in Statement of Profit and Loss on the earlier of:
• The date of the plan amendment or curtailment, or
• The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

• Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
• Net interest expense or income

**Compensated absences**
Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the Balance Sheet, as the Company believes that it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

**o) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**
**Initial recognition and measurement**
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.



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The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows.The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in following categories:
1. Financial assets at amortised cost (debt instruments)
2. Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
3. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
4. Financial assets at fair value through profit or loss

**Financial assets at amortised cost (debt instruments)**

A financial asset is measured at amortised cost if both the following conditions are met:
• The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
• Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance income in Statement of Profit and Loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to loans, deposits, trade and other receivables.

Financial assets at fair value through other comprehensive income (FVTOCI)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon de-recognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

**Financial assets at FVTPL**

Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value recognised in the Statement of Profit and Loss.

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This category includes derivative instruments. Investments in other entity and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the Statement of Profit and Loss when the right of payment has been established.

**De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e, removed from the Company's Balance Sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement: and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies the expected credit losses (ECL) model for measurement and recognition of impairment loss.

The Company follows "simplified approach" for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on the portfolio of its trade receivables (other than canteen receivables). The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in the forward looking estimates are analysed. On that basis, the Company estimates the following provision matrix at the reporting date:

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**(Amount in ₹ lakhs, unless otherwise stated)**

| Particulars | Default Rate |
|---|---|
| 0 to 90 days | 2.00% |
| 91 to 180 days | 5.00% |
| 181 to 365 days | 25.00% |
| Above 1 years | 70.00% |
| Above 2 years | 100.00% |

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. For financial assets measured as at amortised cost, contractual revenue receivables and lease receivables ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**Financial liabilities:**

**Initial recognition and measurement**

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Put Option on the Non- Controlling Interest ("NCI") of subsidiary is initially measured at the present value of the amount payable on exercise of the option.

The Company's financial liabilities include trade and other payables, loans and borrowings.

**Subsequent measurement**

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

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are de-recognised as well as through the EIR amortisation process.

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

**De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

| Original Classification | Revised Classification | Accounting Treatment |
|---|---|---|
| Ammortised Cost | FVTPL | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss. |



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| | | |
|---|---|---|
| FVTPL | Ammortised Cost | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount. |
| Ammortised Cost | FVTOCI | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification. |
| FVTOCI | Ammortised Cost | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| FVTPL | FVTOCI | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required. |
| FVTOCI | FVTPL | Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date. |

**Offsetting of financial instruments**

Financials 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, i.e. to realize the assets and settle the liabilities simultaneously.

**p) Cash and cash equivalents**

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

**q) Earnings Per Share**

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

**r) Cash flow statement**

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

**2.3 Changes in accounting policies and disclosures**

**New and amended standards**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective:

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**2.4 Standards notified but not yet effective**

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from April 01, 2023.

**Ind AS 1 - Presentation of Financial Statements -** This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

**Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors -** This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

**Ind AS 12 - Income Taxes -** This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statement.

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**(Amount in INR lakhs, unless otherwise stated)**

## 3 PROPERTY, PLANT AND EQUIPMENT

| | Property, Plant & Equipment | | | | | | | | | | Right of use asset | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Factory land | Factory Building | Plant & Machinery | Furniture & Fixtures | Electrical Installations | Lab equipment | Motor vehicles | Office Equipment | Computer Hardware | Total | Building | Total |
| **Opening balance as on January 12,** | - | - | - | - | - | - | - | - | - | - | - | - |
| Addition on account acquisition | 1,856.77 | 2,139.02 | 366.23 | 49.14 | 10.49 | 10.09 | 94.89 | 22.30 | 9.76 | **4,558.68** | - | - |
| Addition during the period | - | - | 2.80 | 0.37 | - | - | - | - | 25.94 | **29.11** | 246.86 | **246.86** |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | - |
| **As at March 31, 2023** | **1,856.77** | **2,139.02** | **369.03** | **49.51** | **10.49** | **10.09** | **94.89** | **22.30** | **35.70** | **4,587.79** | **246.86** | **246.86** |
| **Accumulated Depreciation** | | | | | | | | | | | | |
| **Opening balance as on January 12,** | - | - | - | - | - | - | - | - | - | - | - | - |
| Addition on account acquisition | - | 217.98 | 57.69 | 12.34 | 1.91 | 3.52 | 8.71 | 5.18 | 3.86 | **311.20** | - | - |
| Charge for the period | | 42.53 | 12.75 | 2.47 | 0.22 | 0.42 | 5.24 | 1.30 | 1.72 | **66.65** | 26.34 | 26.34 |
| Disposals | - | - | - | - | - | - | | - | | | - | - |
| **As at March 31, 2023** | - | **260.51** | **70.44** | **14.81** | **2.13** | **3.94** | **13.95** | **6.48** | **5.58** | **377.85** | **26.34** | **26.34** |
| **Net block** | | | | | | | | | | | | |
| **As at January 12, 2023** | **1,856.77** | **1,921.04** | **308.54** | **36.80** | **8.58** | **6.57** | **86.18** | **17.12** | **5.89** | **4,247.48** | - | - |
| **As at March 31, 2023** | **1,856.77** | **1,878.51** | **298.59** | **34.70** | **8.36** | **6.15** | **80.94** | **15.82** | **30.12** | **4,209.94** | **220.52** | **220.52** |

## 4 INVESTMENT PROPERTY

| Particulars | (₹ in lakhs) As at March 31, 2023 |
|---|---|
| **Opening balance as on January 12, 2023** | - |
| Addition on account of acquisition | |
| - Flat at Jasola | 150.00 |
| **Closing balance as on March 31, 2023** | **150.00** |

## 5 OTHER INTANGIBLE ASSETS

| Particulars | (₹ in lakhs) As at March 31, 2023 |
|---|---|
| **Opening balance as on January 12, 2023** | - |
| Addition on account acquisition | 31.51 |
| Additions during the period | - |
| Disposals during the period | - |
| Adjustments during the period (if any) | - |
| | **31.51** |

| **Accumulated Amortization** | **(₹ in lakhs)** |
|---|---|
| **Opening balance as on January 12, 2023** | - |
| Addition on account acquisition | 28.15 |
| Charge for the period | 0.88 |
| Disposals | - |
| Adjustments during the period (if any) | - |
| **Closing balance as on March 31, 2023** | **29.03** |

| **Net block** | **(₹ in lakhs)** |
|---|---|
| **As at January 11, 2023** | **3.36** |
| **As at March 31, 2023** | **2.48** |

## 6 INVESTMENTS

| Particulars | (₹ in lakhs) As at March 31, 2023 |
|---|---|
| **Opening balance as on January 12, 2023** | |
| Addition on account of acquisition | 0.45 |
| **Closing balance as on March 31, 2023** | **0.45** |

## 7 LOANS (NON- CURRENT)

| Particulars | (₹ in lakhs) As at March 31, 2023 |
|---|---|
| **Opening balance as on January 12, 2023** | |
| Addition on account of acquisition | |
| - M/s Universal Build well Pvt. Ltd. | 50.00 |
| - M/s International Land Developers Pvt Ltd. | 304.64 |
| - M/s ALM Infotech City Pvt Ltd. | 45.36 |
| **Closing balance as on March 31, 2023** | **400.00** |

## 8 OTHER NON-CURRENT ASSETS

| Particulars | (₹ in lakhs) As at March 31, 2023 |
|---|---|
| Security deposits (unsecured, considered good) | 15.36 |
| **Total other non-current assets** | **15.36** |

## 9 INVENTORIES
**[Valued at lower of cost or net realisable value]**

| Particulars | (₹ in lakhs) As at March 31, 2023 |
|---|---|
| Raw materials | 908.10 |
| Finished goods | 2,734.74 |
| **Closing balance as on March 31, 2023** | **3,642.84** |

**Notes:**
(a) The above includes goods in transit as under:

| Particulars | (₹ in lakhs) As at March 31, 2023 |
|---|---|
| Finished goods | 111.09 |
| **Total** | **111.09** |



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## 10 TRADE RECEIVABLES

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| **Trade receivables** | |
| Secured, considered good | - |
| Unsecured, considered good | 3,393.16 |
| Trade receivables which have significant increase in credit risk | - |
| Trade receivables - credit impaired | - |
| **Less: Impairment allowance (allowance for bad & doubtful debts)** | |
| Unsecured, considered good based on expected credit loss provisioning | (34.31) |
| Trade receivables which have significant increase in credit risk | - |
| Trade receivables - credit impaired | - |
| **Closing balance as on March 31, 2023** | **3,358.85** |

**Trade receivable ageing schedule**

(₹ in lakhs)

| Particulars | Current but not due | Outstanding for following periods from the date of booking the invoice | | | | | Total as at March 31, 2023 |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| i) Undisputed trade receivables – considered good | - | 3,076.33 | 207.96 | 108.25 | 0.62 | - | **3,393.16** |
| ii) Undisputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| iii) Undisputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| iv) Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| v) Disputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| vi) Disputed trade receivables – credit impaired | - | - | - | - | - | - | - |
| **Total** | **-** | **3,076.33** | **207.96** | **108.25** | **0.62** | **-** | **3,393.16** |

## 11 CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| **Cash and cash equivalents** | |
| (a) Cash on hand | 0.88 |
| (b) Balances with banks: | |
| On current accounts | 633.95 |
| **Closing balance as on March 31, 2023** | **634.83** |

**Other bank balances**

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| Deposits with original maturity for more than 3 months but less than 12 months | 2,688.33 |
| **Total** | **2,688.33** |

## 12 CURRENT TAX ASSETS (NET)

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| Income tax refundable | 39.40 |
| **Closing balance as on March 31, 2023** | **39.40** |

## 13 OTHER CURRENT ASSETS

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| Balance with government authorities | 124.52 |
| Advance to suppliers/Employees | 36.38 |
| Prepaid expenses | 23.69 |
| **Closing balance as on March 31, 2023** | **184.59** |



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## 14 EQUITY SHARE CAPITAL

(₹ in lakhs)

| Particulars | As at March 31, 2023 | |
|---|---|---|
| | **Number of** | **₹ in lakhs** |
| **(a) Authorised share capital:** | | |
| Equity shares of face value ₹ 100 | 100,000 | 100.00 |
| **(b) Issued, subscribed and fully paid-up share capital:** | | |
| Equity shares of ₹ 100 | 15,650 | 15.65 |

**(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

(₹ in lakhs)

| Particulars | Number of | Amount |
|---|---|---|
| **Equity shares** | | |
| Opening as at January 12, 2023 | 15,650 | 15.65 |
| Changes during the period | - | - |
| **Outstanding at as March 31, 2023** | **15650** | **15.65** |

**(c) Details of shareholders holding more than 5% shares in the Company:**

(₹ in lakhs)

| Name of Shareholder | As at March 31, 2023 | |
|---|---|---|
| | **Number of shares held** | **% of holding in that class of shares** |
| V-Guard Industries Limited & its nominees | 15,650 | 100% |
| | **15,650** | **100%** |

**(d) Details of shares held by promoters:**

**As at March 31, 2023**

| Promoter Name | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year |
|---|---|---|---|
| Equity shares of ₹ 100 each fully paid | | | |
| **Promoters** | | | |
| V-Guard Industries Limited & its nominees | - | 15,650 | 15,650 |

**(e) Shares held by holding / ultimate holding company and / or their subsidiaries / associates:**

| Particulars | As at March 31, 2023 | |
|---|---|---|
| | **Number of** | **₹ in lakhs** |
| V-Guard Industries Limited (along with its nominees), the holding company 15,650 shares of face value of ₹ 100 each | 15,650 | 15.65 |

## 15 OTHER EQUITY

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| **Capital Redemption reserve** | |
| Balance at the beginning of the year | 1.50 |
| Transfer to reserve | - |
| Transfer from reserve | - |
| **Balance at the end of the year** | **1.50** |
| **General reserve** | |
| Balance at the beginning of the year | 3,975.00 |
| Transfer to reserve | - |
| **Balance at the end of the year** | **3,975.00** |
| **Retained earnings** | |
| Balance at the beginning of the year | 6,621.28 |
| Profit/(loss) made during the year | 672.18 |
| Tranfer to Capital redemption reserve | - |
| **Balance at the end of the year** | **7,293.46** |
| **Other Comprehensive Income** | |
| Balance at the beginning of the year | - |
| Additions during the year | 1.47 |
| **Balance at the end of the year** | **1.47** |
| **Total** | **11,271.44** |



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**16 Lease liability**

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| **Balance as at January 12, 2023** | - |
| (+) Addition of lease liability | 246.87 |
| (+) Finance cost on lease liability | 4.47 |
| (-) Lease Payments made during the year | (29.40) |
| **Balance as at the end of the year** | **221.94** |

**Maturity analysis of lease liabilities is tabulated below :-**

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| Year 1 | 135.00 |
| Year 2 | 135.00 |
| Less: unearned interest | (48.06) |
| | **221.94** |
| **Classification** | |
| Current Lease Liability | 101.70 |
| Non-Current Lease Liability | 120.24 |
| | **221.94** |

**17 NON-CURRENT PROVISIONS**

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| Provision for Gratuity | 3.88 |
| Provision for Leave Encashment | 14.48 |
| **Closing balance as on March 31, 2023** | **18.36** |

**18 OTHER NON-CURRENT LIABILITIES**

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| Security deposits | 46.12 |
| Retention money | 122.57 |
| **Closing balance as on March 31, 2023** | **168.69** |

**19 TRADE PAYABLES**

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| **[carried at amortised cost]** | |
| a) Total outstanding dues of micro enterprises and small enterprises | - |
| b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 3,334.21 |
| **Total** | **3,334.21** |

**Trade payables ageing schedule**

**As at March 31, 2023** (₹ in lakhs)

| Particulars | Outstanding for following period from the date of booking the invoice | | | | | Total |
|---|---|---|---|---|---|---|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| - Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | - | 3,321.23 | 5.29 | 7.69 | - | **3,334.21** |
| - Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| - Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | - | - |
| **Total** | **-** | **3,321.23** | **5.29** | **7.69** | **-** | **3,334.21** |

*The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties can be identified on the basis of information available with the Company. There are no overdue amounts payable to parties on account of the principal amounts and/or interest.

**Micro, Small and Medium Enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 28 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers, the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('the Act').

Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2023 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, no interest is payable in accordance with the provisions of the Act. The Company has not received any claim for interest from any supplier as at the balance sheet date.

(₹ in lakhs)

| | Particulars | As at March 31, 2023 |
|---|---|---|
| a) | The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year; | - |
| b) | The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year; | - |
| c) | The amount of 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 the MSMED Act, 2006); | - |
| d) | The amount of interest accrued and remaining unpaid at the end of accounting year; and | - |
| e) | The amount of further interest due and payable even in the succeeding year, 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. | - |
| | | - |

**20 OTHER CURRENT LIABILITIES**

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| (a) Statutory liabilities* | 132.85 |
| (b) Contract Liabilities | 138.53 |
| (c) Staff reimbursements | 20.39 |
| (e) Expenses payable | 197.92 |
| **Total** | **489.69** |

* Represents contributions to Provident fund, employee state insurance, Bonus, withholding taxes & GST etc.

**21 CURRENT TAX LIABILITIES (NET)**

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| Provision for taxation | 55.47 |
| **Total** | **55.47** |

**22 CURRENT PROVISIONS**

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| Provision for leave encashment | 7.11 |
| Provision for Gratuity | - |
| **Total** | **7.11** |

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**(Amount in INR lakhs, unless otherwise stated)**

## 23 REVENUE FROM OPERATIONS

| Particulars | For the period January 12, 2023 to March 31, 2023 |
|---|---|
| **Revenue from contracts with customers** | |
| Sale of products | 5,690.10 |
| **Total revenue from contracts with customers** | **5,690.10** |

## 24 OTHER INCOME

| Particulars | For the period January 12, 2023 to March 31, 2023 |
|---|---|
| Finance income* | 38.67 |
| Exchange differences (net) | 7.46 |
| Others | 0.08 |
| **Total** | **46.21** |
| *** Finance income comprises of following:** | |
| Interest income from bank on deposits | 38.68 |
| Interest income on tax free bonds | - |
| **Total** | **38.68** |

## 25a COST OF MATERIALS CONSUMED

| Particulars | For the period January 12, 2023 to March 31, 2023 |
|---|---|
| **Inventory at the beginning of the period** | 913.57 |
| Add: Purchases | 1,335.38 |
| **Less: Inventory at the end of the period** | 908.10 |
| **Total** | **1,340.85** |

## 25b (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS

| Particulars | For the period January 12, 2023 to March 31, 2023 |
|---|---|
| **Inventories at the end of the period** | |
| Finished goods | 3,029.54 |
| **Total (A)** | - |
| **Inventories at the beginning of the period** | |
| Finished goods | 2,576.55 |
| **Total (B)** | |
| **Net (Increase)/decrease in inventories** | |
| Finished goods | (452.99) |
| **Total** | **(452.99)** |

## 26 Purchase of Finished products

| Particulars | For the period January 12, 2023 to March 31, 2023 |
|---|---|
| Finished goods | 2,600.35 |
| **Total** | **2,600.35** |



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## 27 EMPLOYEE BENEFITS EXPENSES

| Particulars | For the period January 12, 2023 to March 31, 2023 |
|---|---|
| Salaries & Wages | 271.91 |
| Contribution to provident and other funds | 5.83 |
| Gratuity expense | 1.53 |
| Staff welfare expenses | 3.97 |
| **Total** | **283.24** |

## 28 FINANCE COSTS

| Particulars | For the period January 12, 2023 to March 31, 2023 |
|---|---|
| Interest on lease liability | 4.47 |
| Other interest expense | 0.16 |
| **Total** | **4.63** |

## 29 DEPRECIATION AND AMORTISATION EXPENSES

| Particulars | For the period January 12, 2023 to March 31, 2023 |
|---|---|
| Depreciation of property, plant and equipment | 66.65 |
| Amortisation of intangible assets | 0.88 |
| Depreciation of right-of-use assets | 26.34 |
| **Total** | **93.87** |

## 30 OTHER EXPENSES

| Particulars | For the period January 12, 2023 to March 31, 2023 |
|---|---|
| Power and fuel | 4.56 |
| Rent | 0.36 |
| -Building | 9.23 |
| -Plant and machinery | 1.42 |
| -Vehicle | 0.89 |
| -Others | 2.99 |
| Rates and taxes | 2.71 |
| Travelling and conveyance | 65.05 |
| Freight & forwarding charges | 242.44 |
| Advertisement and business promotion expenses | 168.24 |
| CSR expenditure (refer below) | 19.38 |
| Legal and professional fees* | 55.33 |
| Provision for doubtful debts | (15.69) |
| Diminution in value of inventory | 18.81 |
| After sales services | 305.00 |
| Commission expense | 22.77 |
| Insurance expenses | 4.09 |
| Job work charges | 44.05 |
| Printing and stationery | 2.24 |
| Testing expenses | 3.16 |
| Security charges | 6.17 |
| Write off of fixed assets | 4.10 |
| Donation paid | 0.29 |
| Miscellaneous expenses | 6.30 |
| **Total** | **973.89** |

| Particulars | For the period January 12, 2023 to March 31, 2023 |
|---|---|
| Impairment allowance | - |
| | - |

## 30(a) EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

| Particulars | For the period January 12, 2023 to March 31, 2023 |
|---|---|
| (a) Gross amount required to be spent by the company during the period | 19.38 |
| (b) Amount of expenditure incurred | 19.38 |
| (c) Shortfall at the end of the year* | Nil |
| (d) Shortfall at the end of last year, spent during the year | Nil |
| (d) Total of previous year shortfall | Nil |
| (e) Reason for shortfall | Nil |
| (f) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard | Nil |
| (g) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately | Nil |

* Shortfall amount has been transferred to the scheduled bank account within 30 days from the end of the financial year.

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## 31 INCOME TAXES

The major components of income tax expense for the period ended March 31, 2023 are:

**(a) Statement of profit and loss**

| Particulars | (₹ in lakhs) For the period January 12, 2023 to March 31, 2023 |
|---|---|
| **Current income tax:** | |
| Current income tax charge | 787.83 |
| Income tax adjustment related to earlier years | (6.74) |
| **Deferred tax:** | |
| Relating to origination and reversal of temporary differences | (1.91) |
| **Income tax expense reported in the statement of profit or loss** | **779.18** |

**(b) OCI Section**

| Particulars | (₹ in lakhs) For the period January 12, 2023 to March 31, 2023 |
|---|---|
| Income tax related to items recognised in OCI during the year on re-measurement (losses) / gains on defined benefit plans | 1.89 |

**(c) Reconciliation of tax expense and the accounting profit multiplied by tax rate:**

| Particulars | (₹ in lakhs) For the period January 12, 2023 to March 31, 2023 |
|---|---|
| **Accounting profit before income tax** | **1,728.14** |
| At statutory income tax rate of 25.168% (March 31, 2021: 25.168%) | 434.94 |
| Permanent differences | |
| -Interest Income on Tax free Bonds | (23.18) |
| -Donation expense | 19.58 |
| -Interest expense under section 234C of the Income Tax Act, 1961 | 0.55 |
| -Others | 19.27 |
| -Impairment allowance on Loans | 328.02 |
| | **779.18** |

**(d) Reconciliation of deferred tax asset/(liability) (net)**

| Particulars | (₹ in lakhs) For the period January 12, 2023 to March 31, 2023 |
|---|---|
| **Tax effect of items constituting deferred tax liability** | |
| On difference between book balance and tax base of property, plant and equipment | 10.02 |
| Provision For Gratuity | 0.98 |
| Provision for Leave Encashment | 5.43 |
| Bonus Payable Disallowed U/s 43 B | 18.54 |
| **Total deferred tax asset (A)** | **34.97** |
| Deferred payment liabilities | - |
| **Total deferred tax liability (B)** | - |
| **Deferred tax asset recognised (net) (C = (A-B))** | 34.97 |

**Reflected in the Balance Sheet as follows:**

| Particulars | (₹ in lakhs) As at March 31, 2023 |
|---|---|
| Deferred tax assets | 34.97 |
| Deferred tax liabilities | - |
| **Deferred tax assets, net** | 34.97 |

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

In assessing the realisability of deferred tax assets, management considers whether it is probable, that some portion, or all, of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable incomes over the periods in which the deferred tax assets are deductible, management believes that it is probable that the Company will be able to realise the benefits of those deductible differences in future.



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## 32 COMMITMENTS AND CONTINGENCIES

### a) Capital commitments (Net of advances)

| Particulars | As at March 31, 2023 |
|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | - |

### b) Contingent liabilities

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

(₹ in lakhs)

| Particulars | As at March 31, 2023 |
|---|---|
| Potential bonus liability | 17.34 |
| **Total** | **17.34** |

**Notes:**
*Due to an amendment in the Payment of Bonus Act with retrospective effect from 01.04.2014, the company has estimated a potential liability of ₹ 17.34 lakhs. As petitions are currently pending for adjudication before High Courts challenging the retrospective effect of the amendment, the company has recognized this liability as a contingent liability and has not accounted for it as a provision in its financial statements.

## 33 LEASES

(i) The Company's lease asset consist of leases for land and buildings. The Company also has certain leases with lease terms of 12 months or less. The Company applies the short term lease recognition exemptions for these leases.

(ii) The carrying value of right of use assets recognised and the movements thereof during the period ended March 31, 2023:

(₹ in lakhs)

| Particulars | Right of use assets (Leasehold Buildings) |
|---|---|
| | - |
| Addition | 246.87 |
| Accretion of interest | 4.47 |
| Payments | (29.40) |
| Closing Balance at March 31, 2023 | **221.94** |

(iii) Amounts recognised in Statement of Profit and Loss during the period:

(₹ in lakhs)

| Particulars | For the period January 12, 2023 to March 31, 2023 |
|---|---|
| Depreciation charge of right-of-use assets | 26.34 |
| Finance cost accrued during the year | 4.47 |
| **Total** | **30.81** |

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

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## 34 EMPLOYEE BENEFIT PLANS

### A. Defined Contributions Plans

The Company makes Provident Fund contributions to defined contribution plan for all qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 5.82 lakhs for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

### B. Defined Benefit Plans

**a) Contribution to Gratuity Funds - Employee's Gratuity Fund**
The Company has a defined benefit gratuity plan, which is regulated as per the provisions of Payment of Gratuity Act, 1972. The liability for the same is recognized on the basis of actuarial valuation.

**b) Leave Encashment/ Compensated Absence**
The company has a long term employee beneifit plan related to leave encashment for its employees. Under this plan, they are entitled to encashment of earned leaves subject to certain limits and other conditions specified for the same. The liabilities towards leave encashment have been provided on the basis of actuarial valuation.
These plans typically expose the company to actuarial risks such as: Investment risk, Interest rate risk, Longevity risk and Salary risk.

**Investment risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Interest Rate risk:** The defined benefit obligation calculated uses a discount rate based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations. If bond yields fall, the defined benefit obligation will tend to increase.

**Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary Escalation Risk:** The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors. Higher than expected increases in salary will increase the defined benefit obligation.

The components of the gratuity plan benefit obligations are shown below:

**Present value of defined benefit obligation**

| | (₹ in lakhs) |
|---|---|
| **Particulars** | **March 31, 2023** |
| **Balance as at January 12, 2023** | **45.67** |
| Current service cost | 1.50 |
| Interest cost | 0.60 |
| Benefits paid | (2.34) |
| **Re-measurements due to:** | |
| Actuarial loss arising from change in demographic assumptions | - |
| Actuarial loss arising from change in financial assumptions | 0.01 |
| Actuarial loss arising on account of experience changes | (1.27) |
| **Balance as at the end of the year** | **44.17** |

**Fair value of plan assets**

| | (₹ in lakhs) |
|---|---|
| **Particulars** | **March 31, 2023** |
| **Balance as at at January 12, 2023** | 41.82 |
| Employer contributions | - |
| Expected return on plan assets | 0.58 |
| Benefits paid | (2.34) |
| Previous payment received from LIC | (0.46) |
| **Re-measurements due to:** | |
| Actual return on plan assets less interest on plan assets | 0.70 |
| **Balance as at the end of the year** | **40.30** |

**The reconciliation of the present value of obligations and the fair value of plan assets to the assets and liabilities is as below:**

| | (₹ in lakhs) |
|---|---|
| | **March 31, 2023** |
| **Present value of defined benefit obligations as at end of the year** | **44.17** |
| Fair value of plan assets as at the end of the year | (40.30) |
| **Liability recognised in the Balance Sheet as at the end of the year** | **3.87** |

| **Classification** | |
|---|---|
| Current | - |
| Non-current | 3.87 |

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The major categories of plan assets of the fair value of the total plan assets are as follows:

| Particulars | March 31, 2023 |
|---|---|
| **Unquoted investments** | |
| Insurer managed funds | 40.30 |
| | **40.30** |

**The net gratuity cost for the below mentioned period is as follows:**

(₹ in lakhs)

| Particulars | For the period January 12, 2023 to March 31, 2023 |
|---|---|
| Service cost | 1.50 |
| Interest cost | 0.60 |
| Expected return on plan assets | (0.57) |
| Net actuarial (gain)/loss recognised in Other Comprehensive Income | (1.96) |
| **Net gratuity cost** | **(0.43)** |

**Amount recognised in Statement of Profit and Loss:**

(₹ in lakhs)

| Particulars | March 31, 2023 |
|---|---|
| Current service cost | 1.50 |
| Net interest expense | 0.60 |
| Expected return on plan assets | (0.57) |
| **Amount recognised in Statement of Profit and Loss** | **1.53** |

**Amount recognised in Other Comprehensive Income:**

(₹ in lakhs)

| Particulars | March 31, 2023 |
|---|---|
| **Re-measurements during the period due to:** | |
| Changes in financial assumptions | 0.01 |
| Changes in demographic assumptions | - |
| Experience adjustments | (1.27) |
| Return on plan assets (excluding amounts included in net interest expense) | (0.70) |
| **Amount recognised in Other Comprehensive Income** | **(1.96)** |

**The principal assumptions used in determining gratuity liability for the Company's plans are shown below:**

| Particulars | March 31, 2023 |
|---|---|
| Discount rate | 7.04% |
| Future salary increase | 10.00% |
| Mortality rate (% of IALM 12-14) | 100.00% |
| Attrition / Withdrawal rates, based on completed years of service: (per annum) | |
| Upto 30 years | 15.00% |
| From 31 to 44 years | 35.00% |
| Above 44 years | 50.00% |

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

**A quantitative sensitivity analysis for significant assumption is as shown below:**

(₹ in lakhs)

| Particulars | March 31, 2023 | |
|---|---|---|
| | **Discount rate** | **Salary escalation rate** |
| Effect on DBO due to 0.5% increase | (1.39) | (0.45) |
| Effect on DBO due to 0.5% decrease | (0.44) | (1.38) |

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

**Maturity profile of Defined Benefit Obligation:**

(₹ in lakhs)

| Year | March 31, 2023 |
|---|---|
| 0 to 1 Year | 16.20 |
| 1 to 2 Year | 12.05 |
| 2 to 3 Year | 5.55 |
| 3 to 4 Year | 3.58 |
| 4 to 5 Year | 2.02 |
| 5 to 6 Year | 1.22 |
| 6 Year onwards | 3.55 |
| **Total expected payments** | **44.17** |

**35 SEGMENT REPORTING**

The segment reporting of the Company has been prepared in accordance with Ind AS-108, "Operating Segment". Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and segment information is presented accordingly.

Accordingly, the management has identified only one segment i.e. Consumer durables.

For the period ended March 2023, no individual customer accounted for 10 percent or more of the Company's revenue.



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## 36 RELATED PARTY TRANSACTIONS

### (a) Details of related parties:

| Description of relationship | Name of the Related Parties |
|---|---|
| Holding Company | V-Guard Industries limited |
| Director & Shareholder | Sh. K.L. Verma<br>Sh. Vikram Verma<br>Sh. Pankaj Verma |
| Shareholder | SMT. Usha Verma |
| Relative of KMP with whom transactions have taken place during the year | Smt. Priti Verma<br>MS. Shalini Verma |
| Private company/entity in which a director or his relative is a member or director or proprietor or partner; | Etico Enterprises Pvt. Limited<br>EMP Enterprises<br>Sunflame Industries- Proprietorship<br>Superflame Appliances (P) Ltd<br>(Now known as Etico Ventures Pvt. Limited)<br>Super Domestic<br>Shiva Industries |

### (b) Transactions with related parties during the period

(₹ in lakhs)

| Name of the related party | Nature of transactions | For the period January 12, 2023 to March 31, 2023 |
|---|---|---|
| Shiva Industries<br>(Previously Known as Sunflame Industries) | Rent paid | 29.76 |
| EMP Enterprises | Purchase of stock-in-trade | 181.69 |
| | Sale of goods | 1.88 |
| V-Guard Industries Ltd | Cross Charge | 24.13 |

### (c) Related party balances

(₹ in lakhs)

| Name of the related party | As at March 31, 2023 |
|---|---|
| EMP Enterprises | (138.56) |
| V-Guard Industries Ltd | (26.06) |

## 37 EARNINGS PER SHARE

(₹ in lakhs)

| Particulars | For the period January 12, 2023 to March 31, 2023 |
|---|---|
| The following reflects the profit and share data used in the basic and | |
| Net Profit for the year (₹ in lakhs) | 672.18 |
| Weighted average number of equity shares outstanding | 15,650.00 |
| **Basic & diluted earnings per share (₹)** | **4,295.07** |

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**38 FAIR VALUES**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

(₹ in lakhs)

| Particulars | March 31, 2023 | |
|---|---|---|
| | Carrying amount | Fair value |
| **Financial assets** | | |
| **Financial assets at amortised cost** | | |
| Cash and cash equivalents | 634.83 | 634.83 |
| Trade receivables | 3,358.85 | 3,358.85 |
| Other bank balances | 2,688.33 | 2,688.33 |
| Loan | 400.00 | 400.00 |
| Investments | 0.45 | 0.45 |
| **Total** | **7,082.46** | **7,082.46** |
| **Financial liabilities** | | |
| **Financial liabilities at amortised cost** | | |
| Lease liability | 221.94 | 221.94 |
| Trade payables | 3,334.21 | 3,334.21 |
| **Total** | **3,556.15** | **3,556.15** |

**Note:**
The management assessed that fair value of cash and cash equivalents, trade receivables, other bank balances, Bank deposits with original maturity of more than 12 months, investments, loan, other non-current financial assets, and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of loans and lease liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The same would be sensitive to a reasonably possible change in the forecasted cash flows or the discount rate. There are no unobservable inputs that impact fair value.

**39 CAPITAL MANAGEMENT**

For the purpose of the Company's capital management, capital includes issued equity capital and other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The Company monitors Capital using Gearing ratio, which is net debt divided by total capital plus net debt.

(₹ in lakhs)

| Particulars | March 31, 2023 |
|---|---|
| Debt | 221.94 |
| Less: Cash and cash equivalents and other bank balances | 634.84 |
| **Net debt (A)** | **(412.90)** |
| Equity share capital | 15.65 |
| Other equity | 11,271.42 |
| **Total capital** | **11,287.07** |
| **Capital and Net Debt (B)** | **10,874.17** |
| **Gearing Ratio (A/B)** | **-4%** |

**40 OTHER STATUTORY INFORMATION**

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iii) The Company has not traded or invested in Cryptocurrency or Virtual Currency during the period ended March 31, 2023.

(iv) The Company has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or,

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(v) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or,
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vi) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961). The Company does not have any previously unrecorded income.

(vii) The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act,

(viii) The Company has not been declared as a Wilful Defaulter by any bank or financial institution or Government or any Government authority.



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**41 APPROVAL OF SPECIAL PURPOSE FINANCIAL STATEMENTS**
The special purpose financial statements were approved by the Board of Directors on May 15, 2023

**42** Previous year's figures have been regrouped / reclassified, wherever necessary, to conform to the current year's classification.

As per our report of even date

**For B.K. Goel & Associates**
Chartered Accountants

**B.K. Goel**
**Proprietor**

Membership No. : 082081
Firm Registration No. :016642N
Place: Gurugram
Date: May 15, 2023

UDIN 23082081BGWNFE9823

**For and on behalf of the Board of Directors of**
**Sunflame Enterprises Private Limited**

| | | |
|---|---|---|
| **Anish Mathews** | **Ramachandran Venkataraman** | **Anjana Narwal** |
| **CEO** | **Director**<br>DIN: 06576300 | **Director**<br>DIN: 10061613 |
| Place: Gurugram<br>Date: May 15, 2023 | Place: Gurugram<br>Date: May 15, 2023 | Place: Gurugram<br>Date: May 15, 2023 |