M. R. PANDHI AND ASSOCIATES
CHARTERED ACCOUNTANTS
C-1108, The First, Near Keshavbaug Party Plot, Beside ITC Narmada Hotel, Vastrapur, Ahmedabad-380015
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INDEPENDENT AUDITORS' REPORT

To The Members,
Gokul Agri International Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Gokul Agri International Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, and the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, total comprehensive income, the changes in equity and cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Information other than the financial statements and auditors' report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and,

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in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's board of directors is responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Rules, 2016, as amended from time to time, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2 As required by section 143(3) of the Act, we report that:

(a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

(b) in our opinion, the Company has kept proper books of account as required by law, so far as appears from our examination of the books.

(c) the Balance sheet, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income and the Cash Flow statement and Statement of changes in Equity dealt with by this report are in agreement with the books of account.

(d) in our opinion, the afrosaid financial statements comply with the Accounting Standards specified under section 133 of the Act read Rule 7 of the Companies (Accounts) Rules, 2014.

(e) on the basis of written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013.

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(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and

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

(i) The Company has disclosed the impact of pending litigations on the financial position in its financial statements as referred to in note 31 to the Financial Statements.

(ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March,2022.

(iii) There has been no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

(iv) i. The Management has represented, that, to the best of its knowledge and belief, no funds (Which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, 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 provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) The Management has represented, that, to the best of its knowledge and belief, no funds (Which are material either individually or in the aggregate) have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, 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 provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(iii) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.

For, M. R. PANDHI & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No.112360W

M.R. PANDHI & ASSOCIATES
FRN-112360W
AHMEDABAD
CHARTERED ACCOUNTANTS

A R Devani
Partner
Membership No. 170644
UDIN: 22170644AJMFAR6725

Place : Ahmedabad
Date : 24th May, 2022

Gokul Agri International Limited

Annexure A to Independent Auditors' Report

Referred to in paragraph 1 under the heading of "Report on Other Legal & Regulatory Requirements of our report of even date;

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

(i) In respect of Fixed Assets

a. A The Company has maintained proper records showing full particulars including quantitative details and location of the Property, Plant and Equipment.

B The Company has maintained proper records showing full particulars of intangible assets.

b. In our opinion Property, Plant and Equipment and investment property have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification during the year.

c. On the basis of our examination of the records of the Company, the title deeds of all the immovable properties disclosed in the financial statements are held in the name of the Company

d. The company has not revalued any of its Property, Plant and Equipment or intangible assets or both during the year.

e. Based on our verification of the documents provided to us and according to the information and explanations given by the Management, the Company does not have any proceedings initiated or pending as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) (as amended in 2016) and rules made thereunder.

(ii) a. The physical verification of inventory except goods-in-transit has been verified by the management during the year. The discrepancies noticed on verification between the physical stocks and the books records were not material and have been properly dealt in the books of account.

b. The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate during the year from various banks on the basis of security of current assets. The discrepancies in quarterly filed returns or statements with the books of accounts are mentioned in Note 40 to the standalone financial statements.

(iii) a During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

b During the year the Company has not made any investment, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

c & d & e & f The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii) (c), (d), (e) and (f) of the Order is not applicable to the Company.

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(iv) In our opinion and according to the information and explanations given to us, provisions of section 186 of the Act in respect of investments made have been complied with by the Company. Further, in our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the requirement to report on clause 3 (iv) of the order is not applicable to that extent to the company.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits. Hence reporting under clause 3(v) of the order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to information and explanations given to us in respect of statutory and other dues:

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Income Tax, Service tax, Goods and Services Tax, employees' state insurance, provident fund, duty of excise, duty of customs and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales tax, VAT, cess.

b. According to information and explanation given to us and the records of the company examined by us, the particulars of dues of Stamp Duty and Entry tax as at 31st March, 2022 which have not been deposited on account of dispute are as follows:

Sr. No.	Name of Statute	Nature of Dues	Amt (Rs.in Lakhs)	Period to which the amount relates	Forum Where dispute is pending
1	Gujarat Stamp Duty Act, 2017	Stamp Duty	134.41	2016-17	Gujarat High Court
2	West Bengal Tax on Entry of Goods in to	Entry Tax	152.88	2015-16 & 2016-17	WB Commercial Tax Forum

(viii) We have not come across any transaction(s) which were previously not recorded in the books of account of the Company that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the company.

(ix) a The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

b The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

c The Company did not obtain any money by way of term loans during the year/and there

FRN-112360W AHMEDABAD CHARTERED ACCOUNTANTS were no outstanding term loans at the beginning of the year. Accordingly, reporting under clause (ix) (c) of paragraph 3 of the Order is not applicable.

d On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

e On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.

f The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, as defined under the Act.

(x) a The Company has not raised money by way of initial public issue offer / further public offer (including debt instruments) during the year. Therefore, reporting under clause (x) (a) of paragraph 3 of the Order is not applicable.

b The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, reporting under clause (x) (b) of paragraph 3 of the Order is not applicable.

(xi) a During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company nor any fraud on the Company has been noticed or reported during the year, nor have we been informed of any such instance by the management.

b No report under section 143(12) of the Act has been filed with the Central Government by the auditors of the Company in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, during the year or upto the date of this report.

c As represented by the management, no whistle blower complaints received by the Company during the year and up to the date of this report.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, reporting under clause (xii) of paragraph 3 of the Order is not applicable.

(xiii) All transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) a In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

b We have considered the Internal Audit Reports of the Company issued till date, for the period under audit.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence, provisions of section 192 of the Act are not applicable to the Company.

(xvi) a & b The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, reporting under clause (xvi) (a) and (b) of paragraph 3 of

M.R. PANDHI & ASSOCIATES
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the Order are not applicable.

c The Company is not a Core Investment Company (CIC) as defined in Core Investment Companies (Reserve Bank) Directions, 2016 ("Directions") by the Reserve Bank of India. Accordingly, reporting under clause (xvi) (c) of paragraph 3 of the Order are not applicable.

d As informed by the Company, the Group to which the Company belongs has not more than one CIC as part of the Group.

(xvii) The Company has not incurred cash losses in the current and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly, reporting under clause (xviii) of paragraph 3 of the Order is not applicable.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which cause us to believe that any material uncertainty exists as on the date of this audit report and that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) a The Company is not required to transfer unspent amount to a fund specified in Schedule VII to the Companies Act for other than ongoing projects. Accordingly, reporting under clause 3(xx) (a) of the Order is not applicable for the year;

b The Company has no unspent amount towards Corporate Social Responsibility (CSR) on ongoing project. Accordingly, reporting under clause 3(xx) (b) of the Order is not applicable for the year.

For, M. R. PANDHI & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No.112360W

M.R. PANDHI & ASSOCIATES
FRN-112360W
AHMEDABAD
CHARTERED ACCOUNTANTS

A R Devani
Partner
Membership No. 170644
UDIN: 22170644AJMFAR6725

Place : Ahmedabad
Date : 24th May, 2022

M. R. PANDHI AND ASSOCIATES
CHARTERED ACCOUNTANTS
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ANNEXURE B: TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF GOKUL AGRI INTERNATIONAL LIMITED

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

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013

Opinion

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

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining Internal Financial Controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal Financial Controls system over financial reporting and their operating effectiveness. Our audit of Internal Financial Controls over financial reporting included obtaining an understanding of Internal Financial Controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's Internal Financial Control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles. A company's Internal Financial Control over financial reporting includes those policies and procedures that:

('1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

('2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

('3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls over financial reporting to future periods are subject to the risk that the Internal Financial Control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For, M. R. PANDHI & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No.112360W

M.R.PANDHI & ASSOCIATES
FRN-112360W
AHMEDABAD
CHARTERED ACCOUNTANTS

A R Devani
Partner
Membership No. 170644
UDIN: 22170644AJMFAR6725

Place : Ahmedabad
Date : 24th May, 2022

Gokul Agri International Limited
Balance Sheet as on 31st March, 2022

Rs. In Lakhs

Particulars	Note No.	As on 31st March,2022	As on 31st March,2021
1 ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	6,959.61	6,743.15
(b) Capital work-in-progress	2	209.61	170.14
(c) Investment Property	2.1	294.77	0.00
(d) Intangible assets	2	2.92	5.45
(e) Financial Assets			
(i) Investments in Subsidiary	3	85.00	85.00
(ii) Investments others	3	42.74	33.76
(iii) Other Financial Assets	4	9.14	9.28
(f) Other Non-Current Assets	5	955.14	142.07
		8,558.92	**7,188.85**
Current assets			
(a) Inventories	6	33,802.78	28,029.13
(b) Financial assets			
(i) Trade receivables	7	16,733.20	10,590.37
(ii) Cash and Cash Equivalents	8	987.93	2,359.60
(iii) Other Bank balance	8	4,805.58	4,261.67
(iv) Others Financial Assets	9	1,283.48	494.81
(c) Other current assets	10	5,205.87	4,856.87
		62,818.85	**50,592.45**
Total Assets		**71,377.77**	**57,781.30**
2 EQUITY AND LIABILITIES			
EQUITY			
(a) Share capital	11		
(i) Equity share capital		5.00	5.00
(ii) Non-Cumulative Compulsory Convertible Preference Shares		8,195.00	8,195.00
(b) Other equity	12	8,960.57	6,445.66
Total equity		**17,160.57**	**14,645.66**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	1,335.68	1,270.03
(b) Provisions	14	127.53	153.03
(c) Deferred tax liabilities (Net)	15	427.55	450.04
		1,890.76	**1,873.10**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	36,749.59	28,334.39
(ii) Trade payables	17		
(a) Total outstanding dues of micro and small enterprises		586.16	163.56
(b) Total outstanding dues of creditors other than micro and small enterprises		14,031.60	8,835.27
(b) Other current liabilities	18	682.45	3,720.18
(c) Provisions	19	47.90	40.99
(d) Current Tax Liabilities (Net)	20	228.75	168.16
		52,326.44	**41,262.54**
Total Liabilities		**54,217.20**	**43,135.64**
Total Equity and Liabilities		**71,377.77**	**57,781.30**
Significant Accounting Policies	1		
Notes forming part of accounts	1 to 43		

As per our report of even date attached

For and On Behalf of the Board

For M.R. Pandhi & Associates
Chartered Accountants
(Registration No: 112360W)

M.R. PANDHI & ASSOCIATES CHARTERED ACCOUNTANTS FRN-112360W AHMEDABAD

Balvantsinh C Rajput
Chairman and Managing Director
DIN:00315565

Pravin Prajapati
Chief Financial Officer

A R Devani
Partner
Membership No:170644
UDIN:22170644AJMFAR6725

Shaunak Mandalia
Director
DIN:06649347

Mukesh Limbachiya
Company Secretary
Membership No:A45768

24th May, 2022, Ahmedabad

24th May, 2022, Ahmedabad

Gokul Agri International Limited

Statement of Profit & Loss for the year ended 31st March,2022

Rs. In Lakhs

Particulars	Note No.	As on 31st March,2022	As on 31st March,2021
INCOME			
Revenue from operations	21	3,04,160.90	2,45,610.07
Other income	22	1,636.13	726.91
Total Income		**3,05,797.03**	**2,46,336.98**
EXPENSES			
Cost of Material Consumed	23	2,91,785.17	2,22,132.86
Purchase of Stock in Trade	24	4,716.49	6,947.61
Changes In Inventories Of Finished Goods, Work-In-Progress And Stock-In-Trade	25	(6,156.39)	2,163.45
Employee benefits expense	26	1,410.94	1,214.58
Finance costs	27	1,869.24	2,092.87
Depreciation and amortization expense	2	562.61	490.98
Other expenses	28	8,102.48	8,978.97
Total Expenses		**3,02,290.54**	**2,44,021.32**
Profit/(loss) before exceptional items and tax		3,506.49	2,315.65
Exceptional items			
Profit/(loss) before tax		**3,506.49**	**2,315.65**
Tax expense:			
Current tax	15	988.90	721.39
Deferred tax Liability / (Assets)	15	(24.62)	(138.14)
Adjustements of tax for earlier years	15	33.62	(5.93)
Income tax expense		**997.89**	**577.33**
Profit/(loss) for the year		**2,508.59**	**1,738.33**
Other comprehensive income	29		
(A) Items not to be reclassified to profit or loss in subsequent periods			
Remeasurement gains (losses) on defined benefit plans (Gratuity)		8.44	15.58
Income tax related to items that will not be reclassified to profit or loss	15	2.13	3.92
		6.32	11.66
(B) Items to be reclassified to profit or loss in subsequent periods			
Other comprehensive income for the year		**6.32**	**11.66**
Total comprehensive income for the year		**2,514.91**	**1,749.99**
Total Comprehensive Income attributable to:			
Earning per equity share	35		
(a) Basic(Rs.)		3.06	2.12
(b) Diluted(Rs.)		3.06	2.12
Significant Accounting Policies	1		
Notes forming part of accounts	1 to 43		

As per our report of even date attached

For M.R. Pandhi & Associates
Chartered Accountants
(Registration No: 112360W)

M.R.PANDHI & ASSOCIATES FRN-112360W AHMEDABAD CHARTERED ACCOUNTANTS

A R Devani
Partner
Membership No:170644
UDIN:22170644AJMFAR6725

24th May, 2022, Ahmedabad

For and On Behalf of the Board

Balvantsinh C Rajput
Chairman and Managing Director
DIN:00315565

Pravin Prajapati
Chief Financial Officer

Shaunak Mandalia
Director
DIN:06649347

Mukesh Limbachiya
Company Secretary
Membership No:A45768

24th May, 2022, Ahmedabad

Gokul Agri International Limited

Cash Flow Statement for the year ended on 31st March, 2022 — **Rs. In Lakhs**

	Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
A.	**Cash Flow From Operating Activities**		
	Net Profit Before Taxation	**3,506.49**	**2,315.65**
	Adjustment For :-		
	Depreciation	562.61	490.98
	Loss/(Profit) On Sale Of Fixed Assets-Net	37.71	-
	Interest Income	(217.27)	(257.04)
	Interest Paid	1,869.24	1,342.36
	Bad debts written off	84.92	-
	Provision for Bad debts	189.91	-
	Gain On Sale Of Mutual Fund	(4.30)	(4.44)
	Provision For Retirement Benefits	77.92	80.65
	Total	**2,600.73**	**1,652.51**
	Operating Profit (Loss) Before Working Capital Changes	**6,107.22**	**3,968.16**
	Adjustment For :-		
	(Increase)/ Decrease In Trade Receivables	(6,417.65)	(2,575.56)
	(Increase)/ Decrease In Loans & Advances & Other Current Assets	(1,888.05)	99.62
	(Increase)/ Decrease In Other Bank Balances	(543.92)	12.01
	(Increase)/ Decrease In Inventories	(5,773.65)	(11,865.66)
	Increase/ (Decrease) In Trade Payables & Others	2,581.20	8,358.81
	Cash Generated From Operations	**(5,934.85)**	**(2,002.62)**
	Direct Tax Paid	(1,033.44)	(509.75)
	Retirement Benefits Paid	(88.06)	(61.78)
	Net Cash From Operating Activities Total	**(7,056.36)**	**(2,574.14)**
B.	**Net Cash Flow From Investment Activities**		
	Purchase Of Fixed Assets	(1,178.49)	(787.35)
	Proceeds From Sale Of Fixed Assets	30.00	-
	Interest Received	194.71	290.77
	Gain On Sale Of Mutual Fund	4.30	4.44
	Net Cash From Investment Activities	**(949.49)**	**(492.14)**
C.	**Cash Flows From Financing Activities**		
	Interest Paid	(1,869.24)	(1,342.36)
	(Repayment)/Acquisition of Short term borrowings	8,480.84	5,244.70
	Net Cash From Financial Activities	**6,611.61**	**3,902.34**
	Net Increase /(-) Decrease In Cash And Cash Equivalents	**(1,394.24)**	**836.07**
	Opening Balance In Cash And Cash Equivalents	2,344.94	1,508.88
	Closing Balance In Cash And Cash Equivalents	**950.70**	**2,344.94**
	Reconciliation of cash and cash equivalent with Balance sheet		
	cash and cash equivalent as per Balance sheet	987.93	2,359.60
	Less: Interest Accrued but not due on FDR	37.22	14.66
	Closing Balance In Cash And Cash Equivalents	**950.70**	**2,344.94**

Notes On Cash Flow Statement:

Cash And Cash Equivalents consists of Cash on hand, balances with Bank, Fixed Deposits having maturity of less than Three months (Refer Note No. 8)

As per our report of even date attached

For M.R. Pandhi & Associates
Chartered Accountants
(Registration No: 112360W)

M.R. PANDHI & ASSOCIATES
FRN-112360W
AHMEDABAD
CHARTERED ACCOUNTANTS

A R Devani
Partner
Membership No:170644
UDIN:22170644AJMFAR6725

24th May, 2022, Ahmedabad

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Company Secretary
Membership No:A45768

24th May, 2022, Ahmedabad

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2022

A. Equity Share Capital
1.Current reporting period

Rs. In lakhs

Particulars	Balance as at April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
Equity share capital	0.50	-	0.50	-	0.50
2% Non-Cumulative Compulsory Convertible Preference Shares	819.50	-	819.50	-	819.50

2.Previous reporting period

Particulars	Balance as at April 1, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
Equity share capital	0.50	-	0.50	-	0.50
2% Non-Cumulative Compulsory Convertible Preference Shares	819.50	-	819.50	-	819.50

B.Other Equity
1.Current reporting period

Particulars	Retained Earnings	Total
Balance as at April 1, 2021	6,445.66	6,445.66
Restated balance as at April 1, 2021	6,445.66	6,445.66
Other comprehensive income	6.32	6.32
Profit for the year	2,508.59	2,508.59
Total comprehensive income for the year	2,514.91	2,514.91
Balance as at March 31, 2022	8,960.57	8,960.57

2.Previous reporting period

Particulars	Retained Earnings	Total
Balance as at April 1, 2020	4,695.67	4,695.67
Restated balance as at April 1, 2020	4,695.67	4,695.67
Other comprehensive income	11.66	11.66
Profit for the year	1,738.33	1,11,111.00
Total comprehensive income for the year	1,749.99	1,749.99
Balance as at March 31, 2021	6,445.66	6,445.66

For M.R. Pandhi & Associates
Chartered Accountants
(Registration No: 112360W)

A R Devani
Partner
Membership No:170644
UDIN:22170644AJMFAR6725

M.R.PANDHI & ASSOCIATES CHARTERED ACCOUNTANTS FRN-112360W AHMEDABAD

For and On Behalf of the Board

Balvantsinh C Rajput
Chairman and Managing Director
DIN:00315565

Shaunak Mandalia
Director
DIN:06649347

Pravin Prajapati
Chief Financial Officer

Mukesh Limbachiya
Company Secretary
Membership No:A45768
24th May, 2022, Ahmedabad

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

BACKGROUND

Gokul Agri International Limited ('the Company') is a Public Limited Company engaged primarily in the business of processing of oil seeds and refining of crude oil for edible and non edible use. The Company is also engaged in trading in oil seeds and edible/non-edible oils. The Company's registered office is situated at State Highway No.41, Near Sujanpur Patia, Sidhpur, 384 151, Dist.Patan, Gujarat. Company is a wholly owned subsidiary (WOS) of Gokul Refoil and Solvent Ltd.

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF ACCOUNTS

a) Statement of compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules,2015 as amended and other relevant provisions of the Act. The accounting policies are applied consistently to all the periods presented in the financials.

b) Functional and presentation currency

These financial statements are presented in Indian rupees, which is the Company's functional currency. All amounts have been rounded to the nearest rupee, unless otherwise indicated.

c) Basis of Measurement

These financial statements have been prepared on a historical cost convention basis, except for the following:

(i) Certain financial assets and liabilities that are measured at fair value.

(ii) Assets held for sale- Measured at the lower of (a) carrying amount and (b) Fair Value less cost to sell.

(iii) Net defined benefit plans- Plan assets measured at Fair Value less present value of defined benefit obligation.

(iv) Determining the Fair Value

While measuring the Fair Value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a Fair Value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

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

If the inputs used to measure the Fair Value of an asset or a liability fall into different levels of the Fair Value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the Fair Value hierarchy as the lowest level input that is significant to the entire measurement.

d) Use of Estimates and Judgement

The preparation of financial statements in accordance with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are known or materialised.The most significant estimates and assumptions are described below:

(i) Judgements

Information about judgments made in applying accounting policies that have the significant effect on amounts recognised in the financial statement are as below:

- Leases identification- Whether an agreement contains a lease.
- Classification of lease - Whether Operating or Finance
- identification of the land &/or building as an investment property

(ii) Assumptions and Estimations

Information about assumption and estimation uncertainties that have significant risk of resulting in a material adjustment are as below:

1. **Impairment test of non-financial assets**

   For the purpose of assessing recoverability of non-financial assets, assets are grouped at the lower levels for which there are individually identifiable cash flows (Cash Generating Units).

2. **Allowance for bad debts**

   The Management makes estimates related to the recoverability of receivables, whose book values are adjusted through an allowance for Expected losses. Management specifically analyzes accounts receivable, customers 'creditworthiness, current economic trends and changes in customer's collection terms when assessing the adequate allowance for expected losses, which are estimated over the lifetime of the debts.

3. **Recognition and measurement of Provisions and Contingencies**

   The Company's Management estimates key assumptions about the likelihood and magnitude of an outflow of resources based on available information and the assumptions and methods deemed appropriate. Wherever required, these estimates are prepared with the assistance of legal counsel. As and when additional information becomes available to the Company, estimates are revised and adjusted periodically.

4. **Recognition of Deferred Tax Assets**
   The Management makes estimates as regards to availability of future taxable profits against which unabsorbed depreciation/ tax losses carried forward can be used.

5. **Measurements of Defined benefit obligations**
   The measurements are based on key actuarial assumptions.

e) Recent accounting pronouncements

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

1. Ind AS 16, Property Plant and equipment – The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.
2. Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

f) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (not exceeding twelve months) and other criteria set out in the Schedule III to the Act

g) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

1.2 SIGNIFICANT ACCOUNTING POLICIES

a) Property, Plant and Equipmrnt

(i) Recognition and measurement

The Company had applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 1st April, 2016 as the deemed cost under IND AS. Hence regarded thereafter as historical cost.

Property, Plant and Equipment are measured at cost (which includes capitalised borrowing costs) less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of Property, Plant and Equipment comprises:

a) its purchase price, including import duties and nonrefundable purchase taxes, after deducting trade discounts and rebates.

b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of Property, Plant and Equipment have different useful lives, then they are accounted for as separate items (major components) of Property, Plant and Equipment and depreciated accordingly. Any gain or loss on disposal of an item of Property, Plant and Equipment is recognised in Statement of profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation, Estimated useful life and estimated residual value

Depreciation is calculated using the Straight Line Method, pro rata to the period of use, taking into account useful lives and residual value of the assets. The Company depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II to the Act and management believe that useful life of assets are same as those prescribed in Schedule II to the Act. Depreciation is computed with reference to cost or revalued value as per previous GAPP as the case may be. The assets residual value and useful life are reviewed and adjusted, if appropriate, at the end of each reporting period. Gains and losses on disposal are determined by comparing proceeds with carrying amounts. These are included in the statement of Profit and Loss.

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b) Investment properties

(i) Recognition and measurement

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 requirements for cost model. Investment property includes building.

(ii) Depreciation

Depreciation is calculated using the Straight Line Method, pro rata to the period of use, taking into account useful lives and residual value of the IP. The Company depreciates its Investment properties over the useful life in the manner prescribed in Schedule II to the Act and management believe that useful life of IP are same as those prescribed in Schedule II to the Act. Any gain or loss on disposal of an investment property is recognised in statement of profit and loss. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the period in which the property is derecognized.

c) Intangible Assets

(i) Recognition and measurement

Computer softwares have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses. As on transition date i.e. April 1, 2016 the same are measured at cost as per Ind AS. The same are tested for impairment, if any, at the end of each accounting period.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, when incurred is recognised in statement of profit or loss.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in statement of profit or loss. Computer software are amortised over their estimated useful life or 5 years, whichever is lower. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if required.

d) 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 instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, interest rate swaps and currency options.

(i) Financial Assets

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 instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, interest rate swaps and currency options.

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at Fair Value Through Other Comprehensive Income-[FVTOCI], or Fair Value Through Profit and Loss-[FVTPL] and - those measured at Amortised Cost.[AC]. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

In case of investments

i) In Equity instruments

- For subsidiaries, associates and Joint ventures - Investments are measured at cost and tested for impairment periodically. Impairment (if any) is charged to the Statement of Profit and Loss.
- For Other than subsidiaries, associates and Joint venture - Investments are measured at FVTOCI.

ii) In Mutual fund

Measured at FVTPL.

iii) In Debt instruments

The Company measures the debts instruments at Amortised Cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest [SPPI] are measured at amortised cost. Gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of the hedging relationship, is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the Effective interest rate method.

c) Derecognition of financial assets

A financial asset is derecognised only when:
- The Company has transferred the rights to receive cash flows from financial asset, or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset and has transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised.

Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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

d) Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) Model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:
a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
b) Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on:
- Trade receivables which do not contain a significant financing component.
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. ECL is used to provide for impairment loss.

M.R. PANDHI & ASSOCIATES CHARTERED ACCOUNTANTS FRN-112360W AHMEDABAD

(ii) Financial Liabilities

a) Classification

The Company classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL and
- those measured at Amortised Cost (AC)

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

b) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or AC.

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 Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments. For trade and other payables maturing within one year from the balance sheet date, the carrying amount approximate to fair value due to the short maturity of these instruments.

c) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities designated upon initial recognition as at Fair Value Through Profit or Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

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

d) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. AC 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 amortisation is included as finance costs in the statement of profit and loss. This category generally applies to interest-bearing loans and borrowings.

e) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying mounts is recognised in the statement of profit or loss.

f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

g) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts to hedge its foreign currency risks, interest rate risks and commodity price risks respectively. Such derivative financial instruments are initially recognised at Fair Value on the date on which a derivative contract is entered into and are subsequently re-measured at Fair Value. Derivatives are carried as financial assets when the Fair Value is positive and as financial liabilities when the Fair Value is negative.

e) Inventories

Inventories are measured at the lower of cost and net realisable value after providing for obsolesce, if any, except for realisable by-products which are measured at net realisable value. The cost of inventories is determined using the first-in first out (FIFO) method and includes expenditure incurred in acquiring inventories, production or conversion and other costs

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CHARTERED ACCOUNTANTS

incurred in bringing them to their respective present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. The comparison of cost and Net Realisable value is made on an item by item basis. Net realisable value is estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale. The net realisable value of work in progress is determined with reference to selling prices of finished products.

f) Trade Receivable

Trade receivable are recognised initially at Fair Value and subsequently measured at AC using the effective interest method less provision for impairment. As per Ind AS 109 the Company has applied ECL for recognising the allowance for doubtful debts. Where Company has offered extended credit period [ECP] to the debtors, the said amount is recorded at present value, with corresponding credit in the statement of profit and loss over the tenure of the extended credit period.

g) Cash and Cash Equivalent

For the purpose of presentation in the statement of the cash flows, cash and cash equivalent includes the cash on hand, deposits held at call with financial institutions other short term, highly liquid investments with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h) Contributed Equity

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

I) Dividends

Provision is made for the amount of any dividend declared, in the year in which it is approved by shareholders.

II) Earnings per share

(i) Basic earnings per share

Basic earnings per shares is calculated by dividing Profit/(Loss) attributable to equity holders (adjusted for amounts directly charged to Reserves) before/after Exceptional Items (net of tax) by Weighted average number of Equity shares, (excluding treasury shares).

(ii) Diluted earnings per share

Diluted earnings per shares is calculated by dividing Profit/(Loss) attributable to equity holders (adjusted for amounts directly charged to Reserves) before/after Exceptional Items (net of tax) by Weighted average number of Equity shares (excluding treasury shares) considered for basic earning per shares including dilutive potential Equity shares.

i) Borrowing

Borrowings are initially recognised at Fair Value, net of transaction costs incurred. Borrowings are subsequently measured at AC. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of borrowings using the effective interest method. Processing/Upfront fee are treated as prepaid asset and netted off from borrowings. The same is amortised over the period of the facility to which it relates. Preference shares are classified as liabilities. The dividends on these preference shares, if approved, by shareholders in the forthcoming Annual General Meeting, are recognised in profit or loss as finance costs, in the year when approved. Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid including any non-cash assets transferred or liability assumed, is recognised in Statement of profit or loss as other gains or (losses). Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of liabilities for at least twelve months after the reporting period. Where there is a breach of a material provision of a long term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the same is classified as current unless the lender agreed, after the reporting period and before the approval of financial statements for issue, not to demand payment as a consequence of the breach.

j) Trade and Other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid at the period end. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their Fair Value and subsequently measured at amortised cost using the effective interest method.

k) Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currencies of the Company at the exchange rate prevailing at the date of the transactions. Monetary assets (other than investments in companies registered outside India) and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the

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reporting date. Investments in companies registered outside India are converted at rate prevailing at the date of acquisition. Non-monetary assets and liabilities that are measured at Fair Value in a foreign currency are translated into the functional currency at the exchange rate when the Fair Value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated. Difference on account of changes in foreign currency are generally charged to the statement of profit & loss.

l) **Revenue Recognition**

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

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

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1 The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Group performs; or

2 The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

3 The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

(i) Sale of goods

Revenue is recognised on the basis of customer contracts and the performance obligation contained therein. Revenues is recognised at a point in time when the control to the buyer of goods or services is transferred to a customer.Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product or service Revenue from product deliveries are recognised at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of risks and rewards, and acceptance by the customer. The goods are often sold with volume discounts/ pricing incentives and customers have a right to return damaged products. Revenue from sales is based on the price in the sales contracts, net of discounts. Historical experience, specific contractual terms and future expectations of sales are used to estimate and provide for damage claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company ond normal credit terms.

(ii) Sale of Services

Revenue from services is recognised when agreed contractual task has been completed.

(iii) Rental Income

Rental income from investment property is recognised on the basis of lease terms on straight line basis and is included under Other income in statement of profit and loss account.

(iv) Other Income

a) Dividend income is recognised when right to receive dividend is established.
b) Interest and other income are recognised on accrual basis on time proportion basis and measured at effective interest rate.

(v) Export Incentives

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same and is included in revenue in the statement of profit and loss due to its operating nature.

(vi) Insurance Claims

Claims receivable on account of insurance are accounted for to the extent the Company is virtually certain of their ultimate collection

m) **Government Grants**

(i) Grants from the Government are recognised at their Fair Value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

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