Kaolin India Private Limited

14, Shree Hari Complex (Opp. Joshi Pump) Sahajanand Nagar, Bhuj, Anjar Highway Bhuj Kachchh GJ 370020 IN

CIN - U26993GJ2020PTC112255

Audit Report for the year ending on 31.03.2021

I H DESAI AND CO.

Chartered Accountants

Jyoti Chambers, (Rajniketan Hall), 1st Floor, New Station Road, BHUJ-KUTCH 370 001.
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CA ISHVER H. DESAI
B. Com., F.C.A.
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I. H. Desai & Co.
Chartered Accountants

CA SANDEEP M. SHAH
M. Com., A.C.A.
CA NIKIT A. DESAI
B. Com., F.C.A., DISA (ICAI)

Independent Auditor's Report

To the Members of Kaolin India Private Limited

Report on the Audit of the Financial statements

Opinion

We have audited the accompanying financial statements of Kaolin India Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, the Cash Flow Statement 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, as amended ("the 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, 2021, its loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAS), as 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 accompanying 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 audit opinion on financial statements. Due to the outbreak of Covid-19 Pandemic and resultant lockdown, physical examination of documents and records was not possible hence all the documents and records were made available to us electronically.

Key Audit 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.

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Other Information

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

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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, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Responsibilities of Management and Those charged with Governance 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 accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 statements 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. Those 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 scepticism
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.

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- 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 Act, 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.

- 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.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government in terms of section 143(11) of the Companies Act, 2013, we give in "Annexure A" a statement on the matters specified specified in paragraphs 3 & 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 purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

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(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) We have audited internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report is attached herewith as per " Annexure B ".

(g) No managerial remuneration has been paid / provided by the Company to its directors for the year ended March 31, 2021.

(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, as amended 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 its financial position in its financial statements

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts

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

Place : Bhuj - Kutch

Date : 25.05.2021

For I. H. Desai & Co.
Chartered Accountants
FRN: 102309 W

I. H. DESAI & Co. BHUJ-KUTCH FRN 102309W CHARTERED ACCOUNTANTS

Nikit A. Desai
(Partner)
M. No. 164027
UDIN: 21164027AAABBY1760

"Annexure A" to the Independent Auditors' Report

Annexure referred to in paragraph 2 of our Report of even date to the members of Kaolin India Private Limited on the accounts of the company for the year ended 31st March, 2021.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) In respect of its Fixed Assets

a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The Fixed Assets have been physically verified by the management in a phased manner, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, no material discrepancies between the books records and the physical fixed assets have been noticed.

c) The Company does not hold any land except land taken on lease from its Holding Company for setting up its manufacturing facility.

(ii) a) According to the information and explanation given to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

b)There were no material discrepancies noticed on physical verification of the inventory as compared to books records.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the company has not entered into any transactions covered under section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security, and hence the clauses are not applicable.

(v) In our opinion the Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013. Accordingly, the provisions of clause 3(v) of the Order are not applicable

(vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.

(vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2021 for a period of more than six months from the date on when they become payable.

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(b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

(ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

(xi) Based upon the audit procedures performed and the information and explanations given by the management, no managerial remuneration has been paid. Accordingly, the provisions of clause 3 (xi) of the Order are not applicable to the Company.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

(xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has made issue of 9,00,000 13% Optionally Convertible Redeemable Preference shares of Rs. 100/- each at an issue price of Rs. 100/- per share for an aggregate consideration of Rs.9,00,00,000/- (Rupees Nine Crores) to a promoter Company during the year and in respect of which the Company complied with section 42 of the Act and amount raised have been applied for the purposes for which the funds are raised.

(xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

(xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the are not applicable to the Company and hence not commented upon.

Place: Bhui-Kutch
Date: 25.05.2021

As per our attached Report of even date,
For and on behalf of,
I. H. Desai & Co.
Chartered Accountants
FRN: 102309W

I. H. DESAI & CO. BHUJ-KUTCH FRN 102309W CHARTERED ACCOUNTANTS

Nikit A. Desai
(Partner)
M.No.164027
UDIN: 21164027AAABBY1760

Annexure - B
REPORT ON THE INTERNAL FINANCIAL CONTROLS
under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of **KAOLIN INDIA PRIVATE LIMITED.,** ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility and those charged with Governance for Internal Financial Controls

The Company's Board of Directors is 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". 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, both 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.

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 judgement, 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

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(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 authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021 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".

Place: Bhuj - Kutch
Date: 25.05.2021

For, I. H. Desai & Co
Chartered Accountants
FRN: 102309W

I. H. DESAI & CO. BHUJ-KUTCH FRN 102309W CHARTERED ACCOUNTANTS

Nikit A. Desai
(Partner)
MRN No.164027
UDIN: 21164027AAABBY1760

Kaolin India Private Limited
CIN - U26993GJ2020PTC112255
STANDALONE BALANCE SHEET AS AT 31 MARCH, 2021

	Note No.	As at 31 March, 2021 ₹ / Lacs	As at 31 March, 2020 ₹ / Lacs
Assets			
1 Non-current assets			
a. Property, plant and equipment	3	884.68	-
b. Financial assets			
i.Other financial assets	4	14.22	0.41
c. Deferred tax assets	11	0.30	-
		899.20	0.41
2 Current assets			
a. Inventories	5	77.85	-
b. Financial assets			
(i) Cash and cash equivalents	6	61.76	8.82
(ii) Other financial assets	7	9.14	-
c. Other current assets	8	4.55	0.65
		153.31	9.47
Total assets		1,052.51	9.88
Equity and liabilities			
1 Equity			
a. Equity share capital	9	50.00	10.00
b. Other equity	10	(22.05)	(0.22)
Total equity		27.95	9.78
2 Liabilities			
Non-current liabilities			
a. Financial liabilities			
(i) Borrowings	13	900.00	-
		900.00	-
Current liabilities			
a. Financial liabilities			
(i) Trade payables			
_ Total outstanding dues of micro enterprises and small enterprises	12	30.96	-
_ Total outstanding dues of other than micro enterprises and small enterprises	12	16.56	0.10
(iii) Other financial liabilities	13	69.30	-
b. Other current liabilities	14	7.73	-
		124.56	0.10
Total liabilities		1,024.56	0.10
Total equity and liabilities		1,052.51	9.88

The accompanying notes form an integral part of the financial statements

As per our report of even date
For I. H. Desai & Co.
Chartered Accountants
FRN 102309 W

I. H. DESAI & CO. BHUJ-KUTCH FRN 102309W CHARTERED ACCOUNTANTS

(Nikit A. Desai)
Partner
M. No: 164027
Place : Bhuj - Kutch
Date : 25 MAY 2021

For and on behalf of the Board of Directors of Kaolin India Private Limited

Director
DIN: 02839979
Bhagwan Das Bhojwani

Director
DIN: 00075837
VIJAY DILBAGH RAI

Kaolin India Private Limited
CIN - U26993GJ2020PTC112255
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

		Note No.	As at 31 March, 2021 ₹ / Lacs	As at 31 March, 2020 ₹ / Lacs
I	Revenue from operations		-	-
II	Other income		-	-
III	**Total income (I + II)**		-	-
IV	**Expenses**			
	Cost of materials consumed	15	26.97	-
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	16	(31.97)	-
	Depreciation and amortisation expense	3	1.14	-
	Other expenses	17	25.99	0.22
	Total expenses (IV)		22.13	0.22
V	**Profit/(Loss) before tax (III-IV)**		**(22.13)**	**(0.22)**
VI	**Tax expense**			
	Deferred tax		(0.30)	-
			(0.30)	-
VII	**Profit/(Loss) for the year (V-VI)**		(21.83)	(0.22)
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	i. Re-measurement of defined benefit plans		-	-
	ii. Income tax relating to items that will not be reclassified to profit or loss		-	-
	Other comprehensive income for the year		-	-
IX	**Total comprehensive income for the year (VII+VIII)**		(21.83)	(0.22)
X	**Earning per equity share**			
	Equity shares of face value Rs. 10 each			
	Basic (₹ Per share)		(4.37)	(0.22)
	Diluted (₹ Per share)		(4.37)	(0.22)

See accompanying notes forming part of the standalone financial statements

As per our report of even date
For I. H. Desai & Co.
Chartered Accountants
FRN 102309 W

(Nikit A. Desai)
Partner
M. No. 164027
Place : Bhuj - Kutch
Date 25 MAY 2021

I. H. DESAI & CO. BHUJ-KUTCH FRN 102309W CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
Kaolin India Private Limited

Director
DIN: 02839979
Bhagwan Das Bhojwani

Director
DIN: 00075837
VIJAY DILBAGH RAI

Kaolin India Private Limited
CIN - U26993GJ2020PTC112255
Cash Flow Statement for the year ended 31st March, 2021

	As at 31 March, 2021 ₹ / Lacs	As at 31 March, 2020 ₹ / Lacs
A. Cash flow from operating activities		
Profit before tax	(22.13)	(0.22)
Adjustments for :		
Depreciation and amortisation expense	1.14	-
	(20.99)	**(0.22)**
Changes in working capital		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(77.85)	-
Trade receivables		
Other current financial assets	(13.81)	(0.41)
Other current assets	(13.05)	(0.65)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	47.43	0.10
Other financial liabilities	69.30	-
Other current liabilities	7.73	-
Cash generated from operating activities	**(1.24)**	**(1.18)**
Income taxes paid (net)	-	-
Net cash generated from operating activities	**(1.24)**	**(1.18)**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital WIP and capital advances)	(885.82)	-
Net cash generated from/(used in) investing activities	**(885.82)**	**-**
C. Cash flows from financing activities		
Proceeds from issue of share capital	40.00	10.00
Proceed from long term and short term borrowings	900.00	-
Net cash generated from/(used in) financing activities	**940.00**	**10.00**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**52.95**	**8.82**
Cash and cash equivalents at as 31 March 2020	8.82	-
Cash and cash equivalents as at 31 March 2021	**61.76**	**8.82**

1) The statement of cash flow has been prepared under the indirect method as set out in Ind AS 7 on statements of cash flow.
2) Figures in brackets indicate cash outflow.

See accompanying notes forming part of the standalone financial statements

As per our report of even date
For I. H. Desai & Co.
Chartered Accountants
FRN 102309 W

I. H. DESAI & Co. BHUJ-KUTCH FRN 102309W CHARTERED ACCOUNTANTS

(Nikit A. Desai)
Partner
M. No. 164027
Place : Bhuj - Kutch
Date : 25 MAY 2021

For and on behalf of the Board of Directors of
Kaolin India Private Limited

Director
DIN: 02839979
Bhagwan Das Bhojwani

Director
DIN: 00075837
VIJAY DILBAGH RAI

1 CORPORATE INFORMATION

Kaolin India Private Limited is a company limited by shares, incorporated and domiciled in India. The company is engaged in manufacturing, processing and trading in Clays & Minerals. However the company is yet to start it's commercial operations.
In financial year 2019-20, the company is a subsidiary of its holding company Karun Carpets Private Limited (share holding 99.99%). From July,2020, due to change in share holding, the company has now become subsidiary company of EICL Limited (unlisted public company)

2 Significant Accounting Policies :

2.1 Statement of compliance

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

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

2.2 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

2.3 Basis of preparation and presentation

Separate financial statements of the company are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act"), except for
• Financial instruments – measured at fair value;
• Assets held for sale – measured at lower of fair value and cost of sale;
• Plan assets under defined benefit plans – measured at fair value
• In addition, certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

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

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2.4 Use of estimates

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

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

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

The areas involving critical estimates or judgments are:

- Determination of cash generating unit (CGU)
- Useful life of intangible asset
- Current tax expense and current tax payable
- Deferred tax assets

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

2.5 Revenue recognition

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

However, the company is yet to commence it's commercial operations and there is no revenue generated during the year.

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

2.6 Interest income

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

The interest earned on deposits during the year has been credited to the cost of project.

2.7 Foreign currencies

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

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

2.8 Employee benefits

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

Short-term and other long term employee benefits

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

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

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

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2.9 Taxation

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

Current tax

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

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

Deferred tax

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

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

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

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

Current and deferred tax for the year

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

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2.11 Property plant and equipment

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the year in which the costs are incurred. Major shut down and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset.

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

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

The company has capitalized pre-operative expenses and trial run expenses, net off interest earned on deposits to the cost of plant- project. Cost also includes GST ITC portion and has been capitalized.

Subsequent expenditure and componentisation

Parts of an item of property, plant and equipment having different useful lives and significant value and subsequent expenditure on Property, Plant and Equipment arising on account of capital improvement or other factors are accounted for as separate components only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Decommissioning costs

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

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

Depreciation and useful life

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

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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

Derecognition

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

2.12 Impairment of tangible and intangible assets

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

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

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

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

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

2.13 Inventories

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

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

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

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

Non-current assets or disposal held for sale

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

Such assets or disposal groups are classified only when both the conditions are satisfied –
1. The sale is highly probable, and
2. The asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

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

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

Discontinued operation

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

2.15 Government grants

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

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

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

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

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2.16 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

Onerous Contracts

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

2.17 Cash and Cash Equivalents

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

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

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

The areas involving critical estimates or judgments are:

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

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

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

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

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

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

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

2.19 Borrowing costs

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

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

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

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2.20 Financial instruments

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

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

2.21 Financial assets

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

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

Effective interest method

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

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

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

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

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

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

The Company has not made investments in equity instruments.

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Impairment of financial assets

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

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

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

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

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

Derecognition of financial assets

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

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

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

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2.22 Financial liabilities and equity instruments

Classification as debt or equity

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

Equity Instruments

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

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

Financial liabilities

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

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

Financial liabilities subsequently measured at amortised cost

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

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

Financial guarantee contracts

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

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

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

Derecognition of financial liabilities

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

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2.23 Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

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2.24 Recent accounting pronouncements

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

Balance Sheet

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

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

iii. Specified format for disclosure of shareholding of promoters.

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

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

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

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

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

Statement of profit and loss:

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

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS

3 **Property, plant and equipment**

	Factory and other buildings	Plant and equipment	Furniture and fixtures	Office Equipments	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Cost or deemed cost					
Balance as at 31 March,2020	-	-	-	-	-
Additions	308.40	575.10	0.17	2.15	885.82
Disposals	-	-	-	-	-
Transferred to assets held for sale	-	-	-	-	-
Balance as at 31 March, 2021	308.40	575.10	0.17	2.15	885.82
Accumulated depreciation					
Balance as at 31 March,2020	-	-	-	-	-
Depreciation expense	0.34	0.56	0.01	0.22	1.14
Elimination on disposals of assets	-	-	-	-	-
Transferred to assets held for sale	-	-	-	-	-
Balance as at 31 March, 2021	0.34	0.56	0.01	0.22	1.14
Net carrying amount					
Balance as at 31 March, 2020	-	-	-	-	-
Balance as at 31 March, 2021	308.06	574.54	0.16	1.93	884.68

Notes:

i. The company has capitalized pre-operative expenses and trial run expenses, net off interest earned on deposits to the cost of assets . The Cost including GST has been capitalized and no input tax credit on capital goods claimed as input tax credit.

ii. The depreciation has been charged on assets that has been put to use during the year.

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		As at 31 March, 2021 ₹ / Lacs	As at 31 March, 2020 ₹ / Lacs
4	**Other Financial Assets**		
	Non - Current		
	a. Security Deposits (see note)	14.22	0.41
	Total	**14.22**	**0.41**

Notes:

The security deposit includes deposit of ₹ 0.85 Lacs with holding company EICL Limited for plant site lease agreement

		As at 31 March, 2021 ₹ / Lacs	As at 31 March, 2020 ₹ / Lacs
5	**Inventories (lower of cost and net realisable value)**		
a.	Raw Materials	4.24	-
b.	Stores, Spares, Loose Tools and Consumables	41.64	-
c.	Semi - Finished goods & WIP	30.02	-
d.	Finished goods	1.95	-
	Total	**77.85**	**-**
6	**Cash and cash equivalent**		
a.	Balances with banks		
	- on current accounts	61.71	8.82
	- in demand deposit accounts with maturity of less than three months		
b.	Cash on hand	0.06	-
	Total	**61.76**	**8.82**
7	**Other financial assets**		
	Current		
	a)Balances with government authorities	9.14	-
	Total	**9.14**	**-**
8	**Other assets**		
	Current		
a)	Advances recoverable in cash or kind	0.17	0.65
b)	Prepaid Expenses	4.39	-
	Total	**4.55**	**0.65**

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	As at 31 March, 2021	As at 31 March, 2020
	₹ / Lacs	₹ / Lacs
10 Other Equity		
Retained Earnings	(22.05)	(0.22)
	(22.05)	(0.22)

Other Equity consists of the following

i Retained Earnings		
Balance at the beginning of the year	(0.22)	(0.22)
Add: Loss during the year	(21.83)	-
Total	(22.05)	(0.22)

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

11 Deferred Tax Liability (Net)

a. Deferred Tax Liability	-	-
b. Deferred Tax Asset	0.30	-
	0.30	-

Deferred tax assets / (liabilities)

	Opening Balance	Recognised in Profit & Loss [Charge / Income]	Recognised in other comprehensive Income	Closing balance
Deferred tax (liabilities) / assets in relation to				
Property, Plant & equipment	-	0.19	-	0.19
Preliminary Expenses	-	0.11	-	0.11
	-	0.30	-	0.30

Note: The deferred tax calculations have been made considering no claim of depreciation and preliminary expenses will be made as per Income Tax Act, while filing the tax return.

12 Trade payables

a.	Total dues to Micro and Small Enterprises	30.96	-
b.	Total dues to other than Micro and Small Enterprises	16.56	0.10
	Total	47.53	0.10

Notes:

The above amount of trade payables also includes amount payable to its related parties.	0.86	-

i) The average credit period for purchase of certain goods and services are from 15 to 90 days. No interest is chargeable on trade payables.

ii) The disclosure of the amount outstanding to micro enterprises and small enterprises are as follows:

a) Amount payable to suppliers under MSMED (suppliers) as on 31 March		
- Principal	30.96	-
- Interest	-	-
b) Payments made to supplier beyond the appointed day during the year		
- Principal	-	-
- Interest	-	-
c) Amount of interest due and payable for delay in payment (which have been paid beyond the appointed day during the year) but without adding interest under MSMED	-	-
d) Amount of interest accrued and remaining unpaid as on 31 March	-	-
e) Amount of interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961	-	-

iii)The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMEDA"). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at Balance Sheet date has been made in the financial statements based on the information received and available with the Company.

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	As at 31 March, 2021 ₹ / Lacs	As at 31 March, 2020 ₹ / Lacs
13 Non-current borrowings		
Optionally Convertible Cumulative Redeemable Preference shares of ₹ 100/- each (see note below)	900.00	-
Total	**900.00**	**-**

Note:

I. Terms of 13% optionally convertible cumulative redeemable preference shares (OCRPS)

(i) The OCRPS shall carry a cumulative right of dividend at a fixed rate of 13% per year out of the profits of the Company.

(ii)Conversion of the OCRPS:

(a)At any time after the 1 year anniversary but not later than 4 years anniversary from the date of issuance and allotment of the OCRPS, the OCRPS can be converted (in whole but not in part) into Equity Shares, at the option of the Company.

(b)At any time after the 4 years anniversary but not later than 20 years anniversary from the date of issuance and allotment of the OCRPS, the OCRPS can be converted (in whole but not in part) into Equity Shares, at the option of the Company or OCRPS holder.

(c)The number of Equity Shares which will be issued upon conversion of the OCRPS will be determined based on the Subscription Price i.e. higher of fair market value and face value.

(d)The Equity Shares issued and allotted upon conversion of the OCRPS will rank pari passu and shall have the same rights as the Equity Shares.

(iii) Redemption of the OCRPS:
The OCRPS will be redeemable (in whole or in parts not more than 3 instalments) at the earlier of: (a) the 20 years anniversary of the date of issuance and allotment of the OCRPS or (b) any time at the option of the Company before exercise of conversion option by the Company or the OCRPS holder in accordance with paragraph (ii) above.

(iv) The OCRPS can be transferred within the group Companies at its fair valuation".

II. Dividend for the year ended 31 March 2021 has been waived by the OCRPS holder.

		As at 31 March, 2021 ₹ / Lacs	As at 31 March, 2020 ₹ / Lacs
14	**Other Financial Liabilities**		
	Current		
a.	Capital Creditors	69.30	-
	Total	**69.30**	**-**
15	**Other Current Liabilities**		
a.	Employees Related Payables	5.29	-
b.	Statutory dues (see note below)	2.44	-
	Total	**7.73**	**-**

Note:
Statutory Dues includes TDS and PF payable

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	As at 31 March, 2021 ₹ / Lacs	As at 31 March, 2020 ₹ / Lacs
16 Cost of materials consumed		
Inventory at the beginning of the year	-	-
Add: Purchases	61.32	-
Less: Inventory at the end of the year	(34.35)	-
Cost of raw material and components consumed	26.97	-
17 Changes in inventories of finished goods, stock-in-trade and work-in-progress		
Opening Inventories		
Finished goods		
- Manufactured	-	-
- Work in Progress	-	-
	-	-
Closing inventories		
Finished goods		
- Manufactured	1.95	-
- Work in Progress	30.02	-
	31.97	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(31.97)	-
18 Other Expense		
a. Other Manufacturing & Direct Expenses (see note 1)	5.00	-
b. Payment to Auditor (See note 2)	0.75	0.10
c. Professional and Consultancy Expenses	5.37	-
d. Preliminary Expenses	0.62	-
e. Statutory and Legal Expenses	14.26	-
Total	25.99	0.22

Notes:

1 Trail Run expenses of ₹ 5.47/- has been capitalized to the cost of the project capital asset.

2 Payments to auditors (net of service tax input credit)

- Audit fees	0.40	0.10
- Other services	0.35	-
	0.75	0.10

3 The company has capitalized expenses as pre-operative expenses and has allocated the cost to the cost of the project.

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9 Equity share capital

	As at 31 March, 2021		As at 31 March, 2020	
	No. of shares	₹	No. of shares	₹
Authorised				
Equity shares of ₹ 10 each	5,00,000	50,00,000	1,00,000	10,00,000
Preference shares of ₹ 100 each	9,00,000	9,00,00,000	-	-
	14,00,000	**9,50,00,000**	**1,00,000**	**10,00,000**
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	5,00,000	50,00,000	1,00,000	10,00,000
Total	**5,00,000**	**50,00,000**	**1,00,000**	**10,00,000**

Note: The Company has issued 900000 Optionally Convertible Cumulative Redeemable Preference Shares (OCRPS) of ₹ 100 each fully paid up during the year which has been shown as financial liability. (Refer Note 13).

a. Movement in share capital

	Year ended 31 March, 2021		Year ended 31 March, 2020	
	No. of shares	₹	No. of shares	₹
Equity shares				
Balance as at the beginning of the year	1,00,000	10,00,000	-	-
Add: Increase during the year	4,00,000	40,00,000	1,00,000	10,00,000
Balance as at the end of the year	**5,00,000**	**50,00,000**	**1,00,000**	**10,00,000**

a) The company has increased it's share capital by issuing 400000 fully paid up equity shares of ₹ 10 each on right basis in proportion of 4 equity shares for every 1 equity share held by existing shareholders and 900000 fully paid up OCR Preference shares of ₹ 100 each during the current year.

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Dividend proposed by the Board of Directors will be subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

c. Shares held by holding Company

	As at 31 March, 2021	As at 31 March, 2020
	No. of shares	No. of shares
Equity shares		
EICL Limited	5,00,000	-
Karun Carpets Private Limited	-	1,00,000
	5,00,000	**1,00,000**

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

Name of shareholder	As at 31 March, 2021		As at 31 March, 2020	
	No of shares	% holding	No of shares	% holding
Equity Shares				
EICL Limited	5,00,000	100	-	0.00%
Karun Carpets Private Limited	-	0.00%	1,00,000	100.00%

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18 Other Information :

I Previous year figures have been re-grouped / reclassified, wherever necessary to conform the current year classification.

II **Transactions with related parties:**

		31st March 2021 ₹ / Lacs	31st March 2020 ₹ / Lacs
a.	EICL Limited - Holding Company		
	Interest Paid	1.92	-
	Rent Paid	8.50	-

The interest and rent expense have been capitalized to the cost of the project.

b.	Balance Outstanding at the year end Outstanding Receivable (Security Deposit)	0.85	-

c. Loan received from EICL Limited of ₹ 100 Lacs @ 10% interest has been repaid before the year end.

d. Karun Carpets Private Limited - (Enterprises over which shareholders or directors exercise significant influence)

900000 13% optionally convertible cumulative redeemable preference shares (OCRPS) ₹ 100/- each - ₹ 900 Lacs.

As per our report of even date
For I. H. Desai & Co.
Chartered Accountants
FRN 102309 W

(Nikit A. Desai)
Partner
M. No. 164027
Place : Bhuj - Kutch
Date : 25 MAY 2021

For and on behalf of the Board of Directors of Kaolin India Private Limited

Director
DIN: 02839979
Bhagwan Das Bhojwani

Director
DIN: 00075837
VIJAY DILBAGH RAI