

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 2025, 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, 2025, its profit 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.

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.

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.

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.
- 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, 2020, 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 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;
 - (e) On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 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 2025 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".



"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, 2025.

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.
- d) No revaluation has been done by the company of its property, plant and equipment (including the right of use assets) or intangible assets or both during the year.
- e) No any proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

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

b) The quarterly returns or statements filed by the company with bank for working capital facility are in agreement with the books of account of the Company considering materiality.

(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, goods and 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, 2025 for a period of more than six months from the date on when they become payable, except for Professional Tax for which registration is under process and dues have been collected from employees amounting to Rs. 36,600/-
- (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, goods and service tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.
- (viii) There are no transactions which are not recorded in the accounts have been disclosed or surrendered before the tax authorities as income during the year.
- (ix) 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 been declared a wilful defaulter by any bank or financial institution or any other lender. No term loans have been obtained during the year.
- The company has not used funds raised for a short-term basis for long term purposes.
- The company has not raised any money from any person or entity for the account of or to pay the obligations of its associates, subsidiaries or joint ventures.
- The company has not raised any loans during the year by pledging securities held in their subsidiaries, joint ventures or associate companies.
- (x) 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.
- (xi) 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. As per the information received from the company, no whistle blower complaints received by 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) As per section 138 of Indian Companies Act 2013 read with Rule 13 Of Companies (Accounts) Rules, 2014, the company does not require to appoint internal auditors.
- (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

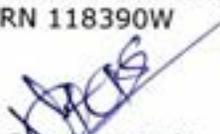


persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

- (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.
- (xvii) Cash Loss during the current financial year is Rs Nil and for previous financial year is Rs Nil.
- (xviii) During the year, there has not been any resignation of the statutory auditors during the year.
- (xix) There is no Existence of any material uncertainty on the date of the audit report on an evaluation of the ageing report, financial ratios and expected dates of realisation of financial assets and payment of financial liabilities, any other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans. In our Opinion on basis of present financial conditions and estimates as produced before us by the management the company can meet its the liabilities which exist as at the balance sheet date when such liabilities are due in the future.
- (xix) The company is not required to comply with respect to obligations under Corporate Social Responsibility.
- (xx) This being subsidiary company, remarks regarding Qualifications or adverse auditor remarks in other group companies is not applicable.

Place: Gandhidham
Date: 02/05/2025
UDIN: 25101948BMHVBA4611

For, Samir K Mehta & Associates
Chartered Accountants
FRN 118390W


Samir K Mehta
Proprietor
M. No. 101948



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, 2025 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

- (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, 2025 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: Gandhidham
Date: 02/05/2025
UDIN: 25101948BMHVBA4611

For, Samir K Mehta & Associates
 Chartered Accountants
 FRN 118390W


Samir K Mehta
 Proprietor
 M. No. 101948



KAOLIN INDIA PVT. LTD
CIN - U26993GJ2020PTC112255
STANDALONE BALANCE SHEET AS AT 31 MARCH 2025

	Note No.	As at 31 March, 2025 ₹ / Lacs	As at 31 March, 2024 ₹ / Lacs
Assets			
1 Non-current assets			
a. Property, plant and equipment	3	1,079.55	1,004.01
b. Capital work in progress		6.49	24.57
c. Financial assets			
i. Other financial assets	4	1.39	13.52
d. Deferred tax assets	7	58.15	71.14
e. Other non current assets	5	-	0.79
		<u>1,145.58</u>	<u>1,114.03</u>
2 Current assets			
a. Inventories	6	653.36	455.43
b. Financial assets			
i. Trade receivables	8	183.04	65.56
ii. Cash and cash equivalents	9	4.84	4.06
c. Other current assets	5	26.82	23.21
d. Current Tax Assets	18	1.16	1.04
		<u>869.22</u>	<u>549.30</u>
Total assets		<u>2,014.80</u>	<u>1,663.33</u>
Equity and liabilities			
1 Equity			
a. Equity share capital	10	50.00	50.00
b. Other equity	11	(291.77)	(371.28)
Total equity		<u>(241.77)</u>	<u>(321.28)</u>
2 Liabilities			
Non-current liabilities			
a. Financial liabilities			
i. Borrowings	12	900.00	900.00
b. Provisions	13	6.63	4.66
		<u>906.63</u>	<u>904.66</u>
Current liabilities			
a. Financial liabilities			
i. Borrowings	14	961.74	755.57
ii. Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	15	173.30	168.11
- Total outstanding dues of other than micro enterprises and small enterprises	15	159.81	37.14
iii. Other financial liabilities	16	9.31	13.65
b. Provisions	13	1.82	1.88
c. Other current liabilities	17	43.96	103.60
		<u>1,349.94</u>	<u>1,079.95</u>
Total liabilities		<u>2,256.57</u>	<u>1,984.61</u>
Total equity and liabilities		<u>2,014.80</u>	<u>1,663.33</u>

See accompanying notes forming part of the standalone financial statements

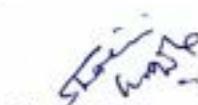
In terms of our report attached
For Samir K Mehta & Associates
Chartered Accountants
FRN 118390W


Samir K Mehta
Proprietor
M. No. 101948



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


Suresh Kumar Jain
Director
DIN : 00003500


Shalini Chawla
Director
DIN : 10059339

Place: Gandhidham
Date: 2 May 2025

Place: Gurugram
Date: 2 May 2025



KAOLIN INDIA PVT. LTD
CIN - U26993GJ2020PTC112255
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31 MARCH 2025

	Note No.	Year ended 31 March, 2025 ₹ / Lacs	Year ended 31 March, 2024 ₹ / Lacs
I Revenue from operations	19	2,016.47	1,902.60
II Other income	20	4.32	0.62
III Total income (I + II)		2,020.79	1,903.22
IV Expenses			
Cost of materials consumed	21	1,343.51	1,286.69
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	(216.27)	(142.57)
Employee benefits expense	23	210.27	207.51
Finance costs	24	84.77	73.40
Depreciation and amortisation expense	25	61.87	54.00
Other expenses	26	444.14	399.77
Total expenses (IV)		1,928.29	1,878.80
V Profit before exceptional items and tax (III-IV)		92.50	24.42
VI Exceptional items (loss) / gain	27	-	-
VII Profit before tax (V-VI)		92.50	24.42
VIII Tax expense			
Deferred tax	7	12.99	5.43
		12.99	5.43
IX Profit (Loss) for the year (VII-VIII)		79.51	18.99
X 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		-	-
XI Total comprehensive income for the year (IX+X)		79.51	18.99
XII Earning per equity share	29		
Equity shares of face value ₹ 2 each			
Basic (₹ per share)		15.90	3.80
Diluted (₹ per share)		15.90	3.80

See accompanying notes forming part of the standalone financial statements

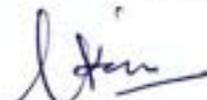
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For, Samir K Mehta & Associates
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For and on behalf of the Board of Directors of
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Suresh Kumar Jain
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Place: Gandhidham
Date: 2 May 2025

Place: Gurugram
Date: 2 May 2025



KAOLIN INDIA PVT. LTD
CIN - U26993GJ2020PTC112255
STANDALONE STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH, 2025

	Year ended 31 March, 2025 ₹ / Lacs	Year ended 31 March, 2024 ₹ / Lacs
A. Cash flow from operating activities		
Loss before tax	92.50	24.42
Adjustments for :		
Depreciation and amortisation expense	61.87	54.00
Interest on borrowings	84.77	73.40
Interest from banks on deposits	(1.09)	(0.10)
Loss on sale of property, plant and equipment	3.78	7.24
Unrealised foreign exchange (gain)/loss	-	-
	241.83	158.96
Changes in working capital		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(197.93)	(153.33)
Trade receivables	(117.48)	151.86
Other current financial assets	-	-
Other current assets	(3.61)	36.21
Other non-current financial assets	12.13	0.49
Other non current assets	0.79	(0.43)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	127.85	(171.78)
Other financial liabilities	-2.55	0.00
Provisions	1.91	(1.26)
Other current liabilities	(59.64)	97.28
	3.30	118.00
Cash generated from operating activities	3.30	118.00
Income taxes refund (net)	(0.12)	(0.27)
Net cash generated from/(used in) operating activities	3.18	117.73
B. Cash flow from investing activities		
Capital expenditure on property, plant and equipment, including capital advances	(127.63)	(158.35)
Capital expenditure on intangible assets under development	-	-
Sale proceeds of property, plant and equipment	-	-
Investment in subsidiaries	-	-
Interest income on bank deposits	1.09	0.10
Net cash generated from/(used in) investing activities	(126.54)	(158.25)
C. Cash flows from financing activities		
Proceeds from issue of share capital	-	-
Proceed from long term and short term borrowings	-	170.00
Proceeds from/ (repayment of) cash credits/working capital demand loan (net)	206.17	(53.53)
Interest paid	(82.03)	(72.42)
Net cash generated from/(used in) financing activities	124.14	44.05
Net increase/(decrease) in cash and cash equivalents (A+B+C)	0.78	3.53
Cash and cash equivalents at the beginning of the year	4.06	0.53
Cash and cash equivalents at the end of year	4.84	4.06

1) The Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 on 'Statement of Cash Flows'.

2) Figures in brackets indicate cash outflow.

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For, Samir K Mehta & Associates
Chartered Accountants
FRN 118390W

Samir K Mehta
Proprietor
M. No. 101948



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

Suresh Kumar Jain
Director
DIN : 00003500

Shalini Chawla
Director
DIN : 10059339

Place: Gandhidham
Date: 2 May 2025

Place: Gurugram
Date: 2 May 2025



KAOLIN INDIA PVT. LTD
CIN - U26993GJ2020PTC112255
STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2025

A. Equity share capital

Equity shares of ₹10 each issued, subscribed and fully paid
Balance as at 1 April, 2023
 Issue of equity share capital
Balance as at 31 March, 2024
 Issue of equity share capital
Balance as at 31 March, 2025

No. of shares	Unaudited
5,00,000	50.00
-	-
5,00,000	50.00
-	-
5,00,000	50.00

B. Other equity

Balance as at 1 April, 2023
 Profit for the year
 Other comprehensive Income for the year, net of income tax
Balance as at 31 March, 2024
 Profit for the year
 Other comprehensive Income for the year, net of income tax
Balance as at 31 March, 2025

Capital Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Other comprehensive income	Total
-	-	-	(390.27)	-	(390.27)
-	-	-	18.99	-	18.99
-	-	-	(371.28)	-	(371.28)
-	-	-	78.51	-	78.51
-	-	-	(291.77)	-	(291.77)

In terms of our report attached
 For, Samir K Mehta & Associates
 Chartered Accountants
 FRN 118390W



Samir K. Mehta
 Proprietor
 M. No. 101948

Place: Gandhidham
 Date: 2 May 2025

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


Suresh Kumar Jain
 Director
 DIN : 00003500


Shalini Chawla
 Director
 DIN : 10059339



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. The company is a fully owned 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, 2025, the Statement of Profit and Loss for the year ended 31 March 2025, the Statement of Cash Flows for the year ended 31 March 2025 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.



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.

Sale of goods

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer which usually is on delivery of the goods to the carriers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised net of discounts, volume rebates, outgoing sales taxes/ goods and service tax and other indirect taxes. Revenues from sale of by-products are included in revenue.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration when that right is conditional on Company's future performance.

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

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, the Company does not adjust any of the transaction prices for the time value of money.

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. However, interest income on PGVCL Deposit is accounted on receipt basis.

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 retirement 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.

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.



2.10 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.

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. Residual value of assets has not been considered while computing depreciation. The Company follows a policy of determining the "Put to Use" date for capitalization of fixed assets on a half-yearly basis. Accordingly:

Assets purchased and available for use up to 30th September are considered to be put to use on 30th September of the respective financial year.

Assets purchased and available for use after 30th September are considered to be put to use on 30th March of the respective financial year.

This policy is consistently followed for the purpose of charging depreciation and capitalization in the financial statements.



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
Factory and other buildings	SLM	3-60 years
Plant and equipment	SLM	5-25 years
Furniture and fixtures	SLM	10 years
Office equipment	SLM	5 years
Vehicle and cycles	SLM	8 years

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.

2.11 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.



2.12 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.

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.

2.13 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.

2.14 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 met.

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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.



2.19 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.

2.20 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.



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.



2.21 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.



KAOLIN INDIA PVT. LTD
CIN - U26993GJ2020PTC112255
NOTES TO THE STANDALONE FINANCIAL STATEMENTS

3 Property, plant and equipment

	Factory and other buildings ₹ / Lacs	Plant and equipment ₹ / Lacs	Furniture and fixtures ₹ / Lacs	Office equipment	Vehicles and cycles ₹ / Lacs	Total ₹ / Lacs
Cost or deemed cost						
Balance as at 31 March, 2023	377.91	600.46	0.17	3.18	32.99	1,014.70
Additions	63.18	84.90	-	0.59	-	148.67
Disposals	-	8.51	-	-	-	8.51
Balance as at 31 March, 2024	441.09	676.85	0.17	3.77	32.99	1,154.86
Additions	33.79	99.30	6.94	1.15	-	141.18
Disposals	-	4.43	-	-	-	4.43
Balance as at 31 March, 2025	474.88	771.72	7.11	4.92	32.99	1,291.61
Accumulated depreciation						
Balance as at 31 March, 2023	27.97	61.88	0.03	1.52	6.72	98.12
Depreciation expense	15.66	32.82	0.02	0.74	4.76	54.00
Elimination on disposals of assets	-	1.27	-	-	-	1.27
Balance as at 31 March, 2024	43.63	93.43	0.05	2.26	11.48	150.85
Depreciation expense	16.64	38.54	0.88	1.00	4.80	61.86
Elimination on disposals of assets	-	0.65	-	-	-	0.65
Balance as at 31 March, 2025	60.27	131.32	0.93	3.26	16.28	212.06
Net carrying amount						
Balance as at 31 March, 2024	397.46	583.42	0.12	1.51	21.51	1,004.01
Balance as at 31 March, 2025	414.61	640.40	6.18	1.66	16.71	1,079.55



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	Year ended 31 March, 2025	Year ended 31 March, 2024
4 Other financial asset		
I. Non-current		
a. Security deposits	1.39	13.52
	1.39	13.52
Note		
The Security deposit includes deopsit of Rs.0.85 Lacs with holding company EICL Limited for plant site lease.		
5 Other assets		
I. Non-current		
a. Prepayments	-	0.79
	-	0.79
II. Current		
a. Prepayments	4.15	2.23
b. Balances with government authorities	22.67	20.98
	26.82	23.21
6 Inventories (lower of cost and net realisable value)		
a. Raw materials	2.53	21.12
b. Stores and spares	47.65	47.40
c. Work in progress	433.33	266.85
d. Finished goods	169.85	120.06
	653.36	455.43



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	As at <u>31 March, 2025</u> ₹ / Lacs	As at <u>31 March, 2024</u> ₹ / Lacs		
7 Deferred tax liabilities (Net)				
Deferred tax assets	58.15	71.14		
			<u>Opening Balance</u>	<u>Recognised in Profit or loss [(Charge)/Income]</u>
			<u>₹ / Lacs</u>	<u>₹ / Lacs</u>
			<u>Recognised in other comprehensive Income</u>	<u>Closing balance</u>
			<u>₹ / Lacs</u>	<u>₹ / Lacs</u>
2024-25				
Deferred tax (liabilities) / assets in relation to Property, plant and equipment		(33.83)	(9.47)	-
Preliminary expenses		0.11	-	(43.30)
Business loss and unabsorbed depreciation see note below)		104.86	(3.52)	0.11
		<u>71.14</u>	<u>-12.99</u>	<u>-</u>
				<u>58.15</u>
2023-24				
Deferred tax (liabilities) / assets in relation to Property, plant and equipment		(24.36)	(9.47)	-
Preliminary expenses		0.11	-	(33.83)
Business loss and unabsorbed depreciation see note below)		100.82	4.04	0.11
		<u>76.57</u>	<u>-5.43</u>	<u>-</u>
				<u>71.14</u>

Note:

The Company has elected to exercise the option permitted under Section 115BAC of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.



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	As at 31 March, 2025 ₹ / Lacs	As at 31 March, 2024 ₹ / Lacs
8 Trade receivables		
a. Secured, considered good	-	-
b. Unsecured, considered good	183.04	65.56
c. Unsecured, considered doubtful	-	-
Less: Allowances for doubtful debts (expected credit loss allowances)	-	-
Total	183.04	65.56

Notes:

- i. The above amount of trade receivables also includes amount receivable from its related parties (refer note 48A). 5.86
- ii. The average credit period on sale of goods is 30 days to 60 days. No interest is charged on overdue trade receivables.

iii. Trade receivables ageing schedule

As on 31 March 2025

Sl. No.	Particulars	Outstanding for the following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i)	Undisputed trade receivables - considered good	183.04					183.04

As on 31 March 2024

Sl. No.	Particulars	Outstanding for the following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i)	Undisputed trade receivables - considered good	65.56					65.56

9 Cash and cash equivalents

a. Balances with banks		
- on current accounts	0.89	0.36
- on Bank Fixed Deposits	3.95	3.70
b. Cash on hand	-	-
	4.84	4.06



10 Equity share capital

	As at		As at	
	31 March, 2025		31 March, 2024	
	No. of shares	₹ / Lacs	No. of shares	₹ / Lacs
Authorised				
Equity shares of ₹ 10 each	5,00,000	50	5,00,000	50
Preference shares of ₹ 100 each	900	900	900	900
	14,00,000	950	14,00,000	950
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	5,00,000	50.00	5,00,000	50.00
Total	5,00,000	50.00	5,00,000	50.00

a. Movement in share capital

	Year ended		Year ended	
	31 March, 2025		31 March, 2024	
	No. of shares	₹ / Lacs	No. of shares	₹ / Lacs
Equity shares				
Balance as at the beginning of the year	5,00,000	50.00	5,00,000	50.00
Add: Increase during the year	-	-	-	-
Balance as at the end of the year	5,00,000	50.00	5,00,000	50.00

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 five financial years. Also there has been no buy back of shares either in the aforesaid period.

c. Shares held by holding Company

	As at		As at	
	31 March, 2025		31 March, 2024	
	No. of shares	₹ / Lacs	No. of shares	₹ / Lacs
Equity shares				
EICL Limited	5,00,000	500,000	5,00,000	5,00,000

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

Name of shareholder	As at		As at	
	31 March, 2025	% holding	31 March, 2024	% holding
EICL Limited	5,00,000	100	5,00,000	100

e. Details of shares held by promoters at the end of the year

Sl. No.	Promoters Name	31 March, 2025		31 March, 2024		% Change during the year
		No. of shares	% of total	No. of shares	% of total	
1	EICL Limited	5,00,000	100.00	5,00,000	100.00	0



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	As at 31 March, 2025 ₹ / Lacs	As at 31 March, 2024 ₹ / Lacs
11 Other equity		
a. Capital Reserve	-	-
b. Capital Redemption Reserve	-	-
c. General Reserve	-	-
d. Retained earnings	(291.77)	(371.28)
e. Other comprehensive income	-	-
	<u>(291.77)</u>	<u>(371.28)</u>
Other equity consist of the following		
i. Capital Reserve		
Balance at the beginning of year	-	-
Addition during the year	-	-
	<u>-</u>	<u>-</u>
ii. Capital Redemption Reserve		
Balance at the beginning of year	-	-
Addition during the year	-	-
	<u>-</u>	<u>-</u>
iii. General Reserve		
Balance at the beginning of year	-	-
Addition during the year	-	-
	<u>-</u>	<u>-</u>
iv. Retained earnings		
Balance at the beginning of year	(371.28)	(390.27)
Profit/(Loss) for the year	79.51	18.99
Appropriations:		
Final dividends relating to previous year	-	-
Corporate dividend tax	-	-
	<u>(291.77)</u>	<u>(371.28)</u>
v. Other comprehensive income		
Balance at the beginning of year	-	-
Add:		
- Re-measurement of defined benefit plans (net of tax)	-	-
	<u>-</u>	<u>-</u>

Notes:

i. Capital Redemption Reserve

The Indian Companies Act, 2013 (the "Companies Act") requires that where a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to Shareholders of the Company as fully paid bonus shares.

ii. Capital Reserve

The capital reserve represents the excess of the identifiable assets and liabilities over the consideration paid.

iii. General Reserve

The Company had transferred a part of the net profit of the Company to general reserve in earlier years

iv. Retained earnings

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

v. Other comprehensive income

Other comprehensive income comprises the balance of remeasurement of retirement benefit plans



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	As at 31 March, 2025		As at 31 March, 2024	
	Non-current ₹ / Lacs	Current ₹ / Lacs	Non-current ₹ / Lacs	Current ₹ / Lacs
12 Non-current borrowings				
a. Term loans				
Optionally Convertible Cumulative Redeemable Preference shares of ₹ 100/- each (see note below)	900.00	-	900.00	-
	<u>900.00</u>	<u>-</u>	<u>900.00</u>	<u>-</u>
Less: transferred to current maturities of long term borrowings	-	-	-	-
	<u>900.00</u>	<u>-</u>	<u>900.00</u>	<u>-</u>

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*.

(v) Communication from the OCRPS Holder:

Pursuant to a formal communication dated 12th September 2024, received from DBH Investment Capital India Private Limited, the said shareholder has expressly stated its decision not to exercise the conversion option at this stage, despite completion of the initial four-year lock-in period.

However, the shareholder has reserved its right to exercise the conversion option at any time during the remaining term of the OCRPS, which shall continue to remain valid and enforceable as per the original terms of issuance.

(vi) Boards Consideration

The Board has taken note of the shareholder's decision and has formally consented to the continuation of the OCRPS beyond the four-year period, in alignment with the original terms and conditions.

The Board further acknowledges that the conversion right remains valid and exercisable by the holder during the permitted conversion period, up to the 20-year term, as contractually agreed at the time of issuance.



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	As at 31 March, 2025 ₹ / Lacs	As at 31 March, 2024 ₹ / Lacs
13 Provisions		
Non-current		
a. Provision for employee benefits		
i. Leave Encashment and Gratuity	6.63	4.66
	<u>6.63</u>	<u>4.66</u>
Current		
a. Provision for employee benefits		
i. Compensated absences	1.82	1.88
	<u>1.82</u>	<u>1.88</u>
14 Current borrowings		
Secured		
i. Cash credit account with scheduled banks (note a and b)		
- Axis Bank Limited	361.74	155.57
Unsecured		
i. Short Term Loan from Holding Company	600.00	600.00
	<u>961.74</u>	<u>755.57</u>

Notes:

- a. Cash credit facility and working capital demand loans along with bank guarantees and letter of credit facilities given by the banks are secured by hypothecation of finished goods, semi-finished goods, consumable stores and spares, raw material and book debts of the Company.
- b. Cash credit facility and working capital demand loans from the bank comprises of the following:
- i. (i) Cash credit facility/working capital demand loan of ₹ 600 lacs sanctioned by Axis Bank is repayable on demand and carries interest @ Repo rate +2.25% presently 8.75% p.a (2023-24 : Repo rate + 2.70% presently 9.20% p.a).
- c. Unsecured short term loan taken from the holding company which is repayable within a period of 12 months. The unsecured loans shall be renewed as and when required for a further period.



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15 Trade payables	As at 31 March, 2025 ₹ / Lacs	As at 31 March, 2024 ₹ / Lacs
a. Total outstanding dues of micro enterprises and small enterprises (see note 'iii' below)	173.30	168.11
b. Total outstanding dues of other than micro enterprises and small enterprises	159.81	37.14
	<u>333.11</u>	<u>205.25</u>

Notes:

i. The above amount of trade payables also includes amount payable to its related parties (refer note 48A).

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

iii. The disclosure of the amount outstanding to micro enterprises and small enterprises are as follows:

a. Amount payable to suppliers under MSME (suppliers) as on 31 March

- Principal
- Interest

	173.30	168.11
	-	-

b. Payments made to supplier beyond the appointed day during the year

- Principal
- Interest

	103.44	-
	-	-

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 MSME

	-	-
--	---	---

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

	-	-
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f. Trade Payables Ageing

As on 31 March 2025

Sl. No.	Particulars	Outstanding for the following periods from due date of payment					Total
		> 1 year	1-2	2-3 years	More		
(i)	MSME	173.30	-	-	-	173.30	
(ii)	Others	159.81	-	-	-	159.81	

As on 31 March 2024

Sl. No.	Particulars	Outstanding for the following periods from due date of payment					Total
		> 1 year	1-2	2-3 years	More		
(i)	MSME	168.11	-	-	-	168.11	
(ii)	Others	37.14	-	-	-	37.14	

16 Other financial liabilities

- a. Payable for purchase of property, plant and equipment
- b. Employee Payables
- c. Interest accrued and due on borrowings

	-	4.53
	2.30	4.85
	<u>7.01</u>	<u>4.27</u>
	<u>9.31</u>	<u>13.65</u>

17 Other current liabilities

- a. Advances from customers
- b. Statutory dues (see note i)

	40.00	100.88
	<u>3.96</u>	<u>2.72</u>
	<u>43.96</u>	<u>103.60</u>

Note

i. Statutory dues includes GST payable, Provided fund payable, TDS etc

18 Current tax assets

- a. Tax collected at source

	1.16	1.04
	<u>1.16</u>	<u>1.04</u>



	Year ended 31 March, 2023 ₹ / Lacs	Year ended 31 March, 2024 ₹ / Lacs
19 Revenue from operations		
Sale of products (see note i and ii below)	2,010.46	1,902.56
Other operating revenues:		
- Scrap sales	6.01	0.04
	<u>2,016.47</u>	<u>1,902.60</u>
Note		
i. Reconciliation of Gross Revenue from contract with customers		
Gross Revenue	2,023.98	1,908.97
Less: Discount	-	6.41
Less: Returns	13.52	-
Net Revenue from contract with customers	<u>2,010.46</u>	<u>1,902.56</u>
ii. Details of products sold		
-Clay products	2,010.46	1,902.56
-By-products and others	6.01	0.04
	<u>2,016.47</u>	<u>1,902.60</u>
20 Other income		
a. Interest income earned on financial assets that are not designated as fair value through profit or		
i. Interest from banks on deposits	1.09	0.10
ii. Interest from other deposits	-	0.52
b. Miscellaneous Income	3.23	-
	<u>4.32</u>	<u>0.62</u>
21 Cost of materials consumed		
Inventory at the beginning of the year	21.12	20.68
Add: Purchases	1,324.92	1,287.13
Less: Inventory at the end of the year	2.52	21.12
Cost of raw material and components consumed	<u>1,343.52</u>	<u>1,286.69</u>
22 Changes in inventories of finished goods, stock-in-trade and work-in-progress		
Opening inventories		
Finished goods		
- Manufactured	120.06	74.19
- Work in Progress	266.85	170.15
	<u>386.91</u>	<u>244.34</u>
Closing inventories		
Finished goods		
- Manufactured	169.85	120.06
- Work in Progress	433.33	266.85
	<u>603.18</u>	<u>386.91</u>
	<u>(216.27)</u>	<u>(142.57)</u>
23 Employee benefits expense		
a. Salary, wages and bonus	183.52	186.32
b. Contribution to provident and other funds	5.65	6.26
c. Gratuity expense	2.60	0.11
d. Staff welfare expenses	18.50	14.82
	<u>210.27</u>	<u>207.51</u>
24 Finance costs		
Interest costs		
a. Interest on borrowings	84.77	73.40
	<u>84.77</u>	<u>73.40</u>



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	<u>Year ended</u> <u>31 March, 2025</u>	<u>Year ended</u> <u>31 March, 2024</u>
25 Depreciation and amortization expense		
a. Depreciation of property, plant and equipment	61.87	54.00
	<u>61.87</u>	<u>54.00</u>
26 Other expenses		
A. Manufacturing expenses		
i. Consumption of stores and spare parts		
ii. Power and fuel	63.02	38.47
iii. Repair and maintenance:	203.06	191.31
- Plant and machinery		
- Building	14.43	4.60
- Others	-	1.26
iv. Other manufacturing expenses	19.95	42.26
	30.28	17.89
Total (A)	<u>320.74</u>	<u>295.79</u>
B. Administration expenses		
i. Rent		
ii. Rates and taxes	13.25	14.40
iii. Insurance	0.52	0.88
iv. Director sitting fees	2.51	1.96
v. Office and other expenses	1.42	1.54
vi. Legal and professional	12.82	10.77
vii. Security service charges	5.66	10.57
viii. Payments to auditors (see note i)	10.15	9.24
ix. Travelling and conveyance	1.75	1.48
x. Bank Charges	11.77	14.15
xiv. Loss on fixed assets sold/ scrapped/ written off	0.38	0.71
	3.78	7.24
Total (B)	<u>64.01</u>	<u>72.74</u>
c. Selling and distribution expenses		
i. Freight, forwarding and packing charges		
ii. Sales Commission	25.22	10.77
iii. Rebates and discount	6.04	10.63
	18.13	10.44
Total (C)	<u>49.39</u>	<u>31.84</u>
Total (A + B + C)	<u>444.14</u>	<u>399.77</u>
Notes:		
i. Payments to auditors (net of input credit)		
- Audit fees	0.80	0.80
- Tax audit fees	0.60	0.60
- Other services	0.35	0.08
	<u>1.75</u>	<u>1.48</u>



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27 Ratios		Numerator	Denominator	Year ended 31 March, 2025	Year ended 31 March, 2024
(a)	Current Ratio	Current Assets	Current Liabilities	0.64	0.51
(b)	Debt Equity Ratio	Debt	Total Equity	(7.70)	(5.15)
(c)	Debt Service Coverage Ratio	EBIDTA	Interest + Term Loan Instalment	(2.92)	(2.10)
(d)	Return of Equity Ratio	Net Profit	Total Equity	(0.33)	(0.06)
(e)	Inventory Turnover Ratio	Net Sales	Total Inventory	3.09	4.18
(f)	Trade Receivables Turnover Ratio	Net Sales	Trade Receivables	11.02	29.02
(g)	Trade Payables Turnover Ratio	Net Sales	Trade Payable	6.05	9.27
(h)	Net Capital Turnover Ratio	Net Sales	Total Equity	(8.34)	(5.92)
(i)	Net profit Ratio	Net Profit	Net sales	0.04	0.01
(j)	Return on capital employed	EBIT	Capital Employed	0.11	0.07
(k)	Return on investment	Net Profit	Capital Employed	0.05	0.01



28 Income taxes	Year ended 31 March, 2025 ₹ / Lacs	Year ended 31 March, 2024 ₹ / Lacs
	Current tax	
For current year	-	-
Income tax expense related to earlier year	-	-
Deferred tax		
In respect of the current year	12.99	5.43
	12.99	5.43
Income tax expense recognised in the statement of profit and loss	12.99	5.43
Other comprehensive income section		
Income tax relating to items that will not be reclassified to profit or loss	-	-
	12.99	5.43
Reconciliation of tax expense and the accounting profit multiplied by prevailing income tax rate		
Profit before tax	92.50	24.42
Income tax rate	17.160%	17.160%
Calculated income tax expenses	16.00	4.00
Reversal of deferred tax due to change in tax rates	-	-
Tax effects on non-deductible expenses	-	-
Adjustment on account of carry forward business losses and unabsorbed depreciation	(3.01)	1.43
Income tax expense	12.99	5.43
Other comprehensive income section		
Income tax relating to items that will not be reclassified to profit or loss	-	-
	12.99	5.43
29 Earnings per share		
a. Basic earnings per share (₹)	15.90	3.80
b. Diluted earnings per share (₹)	15.90	3.80
Earnings per share are as follows:		
i. The earnings and weighted number of equity shares used in the calculation of basic earnings per share are as follows:		
Net profit attributable to the shareholders	79.51	18.99
Weighted average number of outstanding equity shares during the year	5,00,000	5,00,000
Basic earning per share (₹)	15.90	3.80
Diluted earning per share (₹)	15.90	3.80
30 Commitments and contingencies		
a. The estimated amount of contracts remaining to be executed on capital amounts and not provided for (net of advances) amount to ₹ 9.34 Lacs (as at 31 March 2024 ₹ 11.48 Lacs).		
b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.		
31 The Company has elected to exercise the option permitted under Section 115BAB of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.		



32 Financial Instruments

I. Capital Management

The Company's objectives when managing capital are to
a. safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
b. maintain an optimal capital structure to reduce the cost of capital.
The capital structure of the Company consists of net debt (borrowings offset by cash and bank balances) and total equity of the Company.
The Company is not subject to any externally imposed capital requirements.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)
divided by
Total 'equity' (as shown in the balance sheet).

The gearing ratio at end of the reporting period was as follows:

	As at 31 March, 2025	As at 31 March, 2024
	₹ / Lacs	₹ / Lacs
Debt (includes ODRPS)	1,860.74	1,855.57
Cash and Bank balances	(4.84)	(4.56)
Net debt	<u>1,855.90</u>	<u>1,851.01</u>
Total Equity	(241.77)	(321.28)
Net debt to equity ratio (%)	758.06%	-514.54%

II. Categories of Financial Instruments

Financial assets

Measured at fair value through profit or loss

-

Measured at cost

-

Measured at amortised cost

Financial assets

a. Trade receivables

183.84 65.36

b. Cash and cash equivalents

4.84 4.06

c. Other bank balances

-

d. Financial assets

- Other financial assets

a. Non-current

1.39 13.52

b. Current

Financial liabilities

a. Borrowings

i. Long term borrowings

908.00 908.00

ii. Short term borrowings

960.74 755.57

b. Trade payables

332.11 232.10

c. Other financial liabilities

Current

9.31 8.80

Non-current

-

Measured at fair value through other comprehensive income

-

The fair value of the financial assets and financial liabilities are equal to the carrying value of the financial instruments.

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 in to 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 financial statements is determined on such a basis.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- 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.

For financial assets and liabilities included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value.

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- The Company enters into foreign exchange forward contracts with bankers of the company and are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. As at 31 March 2025, the market-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.
- The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2025 was assessed to be insignificant.



iii. Financial risk management objectives

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Board of Directors reviews and approves policies for managing each of these risks, which are summarised below.

a. Financial risk management

The Company has a Risk Management Committee established by its Board of Directors for overseeing the Risk Management Framework and developing and monitoring the Company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

The risk management policies aims to mitigate the following risks arising from the financial instruments:

- Market risk
- Credit risk; and
- Liquidity risk

b. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed to the ordinary course of its business to risks related to changes in foreign currency exchange rates, commodity prices and interest rates.

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Management and the internal auditors on a continuous basis. The Company does not enter into or trade financial instruments, including derivatives for speculative purposes.

c. Foreign currency risk management

The Company's functional currency is Indian Rupees (INR). The Company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's revenue from export markets and the costs of imports, primarily in relation to raw materials. The Company is exposed to exchange rate risk under its trade and debt portfolio.

Adverse movements in the exchange rate between the Rupee and any relevant foreign currency result in increase in the Company's overall debt position in Rupee terms without the Company having incurred additional debt and favourable movements in the exchange rates will conversely result in reduction in the Company's receivables in foreign currency. In order to hedge exchange rate risk, the Company has a policy to hedge cash flows up to a specific tenure using forward exchange contracts and options. At any point in time, the Company hedges its estimated foreign currency exposure in respect of forecast sales over the following 6 months. In respect of imports and other payables, the Company hedges its payables as when the exposure arises. Short term exposures are hedged progressively based on their maturity.

All hedging activities are carried out in accordance with the Company's internal risk management policies, as approved by the Board of Directors, and in accordance with the applicable regulations where the Company operates.

d. Interest rate risk management

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short-term loans.

As at 31 March, 2023 and 31 March, 2024, financial liability of ₹ 961.74 lacs and ₹ 751.57, respectively, was subject to variable interest rates. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in decrease/increase in profit/(loss) before tax of ₹ 98.61 lacs and ₹ 7.56 lacs for the year ended 31 March, 2023 and 31 March, 2024, respectively.

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures subsisting as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.
(Note: The impact is indicated on the profit/(loss) before tax basis).



e. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Company's credit risk arises principally from the trade receivables, loans, cash and cash equivalents, derivatives and financial guarantees.

Trade receivables

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 183.04 lacs and ₹ 85.56 lacs as at 31 March 2025 and 31 March 2024 respectively. Credit risk has always been managed through monitoring the credit worthiness of customers in the normal course of business.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers

Particulars	Revenue in %	
	For the year ended 31 March, 2025	For the year ended 31 March, 2024
Revenue from top customer	35.75%	43.69%
Revenue from top five customer	62.17%	68.52%

The Company uses expected credit loss model to assess the impairment, loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables which is based on historical experience. There are no expected credit loss as per the evaluation of the management at period end.

Cash and cash equivalents, derivatives and financial guarantees

Credit risks from balances with banks and financial institutions are managed in accordance with the Company policy. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by credit-rating agencies.

f. Liquidity risk management

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Company requires funds both for short term operational needs as well as for long term capital expenditure growth projects. The Company generates sufficient cash flow for operations, which together with the available cash and cash equivalents and short term investments provide liquidity in the short-term and long-term. The Company has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Contractual maturities of financial liabilities

	less than 1 year	1 to 5 year		more than 5	Total
	Rs/lacs	Rs/lacs	Rs/lacs	Rs/lacs	Rs/lacs
As at 31 March 2025					
Borrowings	961.74	900.00	-	-	1,861.74
Trade payables	333.11	-	-	-	333.11
Other financial liabilities	9.31	-	-	-	9.31
As at 31 March 2024					
Borrowings	755.57	900.00	-	-	1,655.57
Trade payables	209.25	-	-	-	209.25
Other financial liabilities	13.65	-	-	-	13.65

The Company has sanctioned working capital credit limits amounting to ₹ 600 Lacs (As at 31 March, 2024 ₹ 600 Lacs)



Kaolin India Private Limited
CIN - U26993GJ2020PTC112255
NOTES TO THE STANDALONE FINANCIAL STATEMENTS

	Holding Company		Enterprises over which shareholders or directors exercise significant influence		Total	
	Year ended 31 March, 2025	Year ended 31 March, 2024	Year ended 31 March, 2025	Year ended 31 March, 2024	Year ended 31 March, 2025	Year ended 31 March, 2024
	₹ / Lacs	₹ / Lacs	₹ / Lacs	₹ / Lacs	₹ / Lacs	₹ / Lacs
Outstanding balances						
Security deposit						
EICL Limited	0.85	0.85	-	-	0.85	0.85
	0.85	0.85	-	-	0.85	0.85
Unsecured loan payable						
EICL Limited	600.00	600.00	-	-	600.00	600.00
	600.00	600.00	-	-	600.00	600.00
Receivable						
Eicl Limited	5.86	-	-	-	5.86	-
	5.86	-	-	-	5.86	-
Payable						
Eicl Limited	46.57	106.23	-	-	46.57	106.23
	46.57	106.23	-	-	46.57	106.23



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34 Other Statutory Information

- 1 The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- 2 The Company do not have any transactions with companies struck off.
- 3 The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 4 The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 5 The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- 6 The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- 7 The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

In terms of our report attached
For Samir K Mehta & Associates
Chartered Accountants

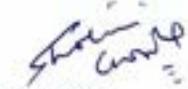
FRN 118399W


Samir K Mehta
Proprietor
M. No. 101948



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


Suresh Kumar Jain
Director
DIN : 00003500


Shalini Chawla
Director
DIN : 10059339

Place: Gandhidham
Date: 2 May 2025

Place: Gurugram
Date: 2 May 2025

