

# C O N T E N T S



Board of Directors



Chairman's Message



Managing Director's Message



Directors' Report



Auditor's Report



Standalone Financial Statements



## Board of Directors

**DR. RAGHUPATI SINGHANIA**

Chairman

**H.V. LODHA**

**HARSH PATI SINGHANIA**

**RAHUL CHANDRAKANT KIRLOSKAR**

**BAKUL JAIN**

**MAMTA SINGHANIA**

**SURENDRA MALHOTRA**

**VIKRAMPATI SINGHANIA**

Managing Director

**NAGARAJU SRIRAMA**

President & Director



### **REGISTERED OFFICE :**

3, Madurai – Melakkal Road,  
Madurai – 625 016.



### **CORPORATE OFFICE :**

Khivraj Complex – II, 5<sup>th</sup> Floor,  
480, Anna Salai, Nandanam,  
Chennai – 600 035.



### **BANKERS :**

State Bank of India  
HDFC Bank  
Standard Chartered Bank  
Axis Bank  
ICICI Bank



### **AUDITORS :**

Lodha & Co.,  
Chartered Accountants



### **PLANTS :**

- Madurai
- Sriperumbudur
- Nilakottai
- Patancheru
- Pashamailaram

## Chairman's Message

I am delighted that, this year is a **milestone year** for JK Fenner as revenues for the first time crossed ₹ 1000 Crores and PBT of nearly ₹ 100 Crores.

Though the year under review was marked by pandemic induced disruptions, this time however, as a nation we displayed greater resilience and came out stronger. The collaborative effort of the Government and the people was a great enabler.

I am happy to share that your Company rode out the storm and despite sharp economic fluctuations, was able to grow significantly during this period.

The continued global disruptions across supply chains lead to high variability and volatility across all parameters including raw material, logistics and other inputs which led to a rise in costs. In this situation business planning for us as well as our valued customers was a real challenge. More so, the Indian automotive industry with whom we are closely intertwined continued to face multiple headwinds.

Even in this dynamic scenario strategic planning in sourcing and in our efforts enabled JK Fenner to cater to market and customer requirements, winning customer satisfaction and appreciation while growing the business. Your Company also continued to expand its global presence by strengthening local teams in Europe and North America enabling closer connect with the markets. JK Fenner has taken a calibrated approach to adoption of Electric Vehicle technologies. It is heartening to see that we have developed our own transmission system and are adding new products while collaborating with a number of OEMs to deploy them. This new product and market segment will be a significant growth driver for the Auto OE business in the coming years.

The Company's management has sustained its focus on safety, health and employee wellbeing. In addition to the various initiatives taken to counter Covid19, this year the vaccination drive was diligently pursued not only for our employees but also for the public who reside in the vicinity of our manufacturing



locations. JK Fenner also took up a number of initiatives directly with Government bodies to strengthen the facilities required to fight Covid which included setting up of an Oxygen generating plant and creation of medical facilities.

As we look ahead, the outlook seems promising, with the government's planned capex and major thrust on infrastructural development and sustainable growth.

I congratulate the various teams for the performance during the year and thank all our employees and their families for their commitment and hard work during these challenging times and look forward for their continued support in the attainment of the goals of the Company.

**Raghubati Singhania**

## Managing Director's Message

Firstly, I wish and pray for the good health and safety of all the stakeholders of JK Fenner.

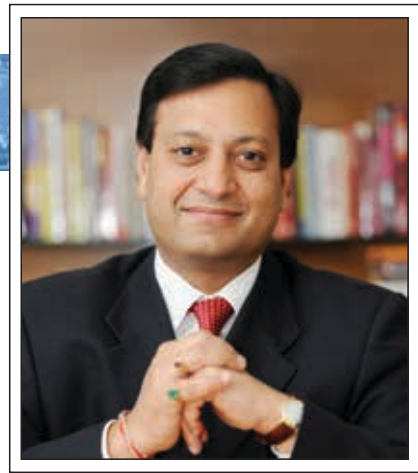
In the year gone by, the Indian economy recovered well, with a GDP growth of 8.9% during the year. As a matter of delight and pride that your Company achieved an all-time high turnover of ₹ 1050.59 Crores this year. All the verticals of your Company posted strong YoY growth with Exports leading the way.

Whilst lower than pre-Covid levels, overall automotive vehicle sales grew by 7% YoY. Except Tractors, all the other vehicle segments registered growth, with CV leading the pack. This helped your Company post good growth in Auto OEM sales, duly assisted by the foray into the drive system for EV's, a growth segment for the industry as well as for your Company.

Raw material rates surged during the year to record highs and sea freight networks were thrown into disarray due to Covid19 related work disruptions at major seaports across the world. Consequently, supply chains were affected, sea freight rates skyrocketed, compounded by container availability challenges.

Your Company continued its focus on product technology and productivity and embarked on a digital led business transformation. Not only has the company started aggressively implementing i4.0 at its manufacturing locations but is digitising its sales & marketing, commercial and supply chain processes also.

All these actions contributed to your Company's profitability during the year, despite massive cost challenges. The coming year is expected to continue to see strong headwinds across all its input heads and surging crude and raw material costs,



however, your Company is doing its best to effectively minimise and mitigate the impact.

In summary, it was a memorable year for your Company with an all-time high revenue as well as profit, against the backdrop of the pandemic and its adverse impact.

I once again acknowledge and thank all the employees and their families as well as all the stakeholders for their extraordinary efforts that they put in during these challenging times. Without their dedication and commitment, the Company could not have performed and achieved these results.

**Vikrampati Singhania**

# Directors' REPORT

## TO THE MEMBERS

Your Directors have pleasure in presenting the Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2022.

## FINANCIAL RESULTS

	Rs. in Crores	
Sales & Other Income	1088.12	<b>DIVIDEND</b>  During the year under review, out of 70,00,000 Cumulative Redeemable Preference Shares (CRPS) of ₹ 100 each aggregating ₹ 70 Crores, the Company had redeemed 25,00,000 CRPS of ₹ 100 each aggregating ₹ 25 Crores on 30th October 2021 and paid dividend @1% amounting to ₹ 14.58 Lacs proportionately upto the date of redemption. Dividend @ 1% for the remaining 45,00,000 CRPS of ₹ 100 each amounting to ₹ 45.00 Lacs was paid on 31st March 2022. The total Preference Shares Dividend outgo was ₹ 59.58 Lacs.
Profit Before Finance cost & Depreciation (PBIDT)	196.67	
Profit After Tax (PAT)	95.63	
Surplus brought forward	248.58	
Surplus carried to Balance Sheet	304.30	



Best Supplier Award from Volvo Eicher Commercial Vehicles

Your directors are pleased to recommend a final dividend of ₹ 25 per Equity share of ₹ 10 each on the Equity Share Capital of ₹ 2.48 Crores, which together with the interim dividend of ₹ 40 per Equity share aggregates to ₹ 65 per Equity share for the financial year ended 31st March 2022. The total dividend outgo will be ₹ 16.14 Crores.

### BUSINESS OPERATIONS

During the year your Company crossed ₹ 1000 Crores revenue milestone with 33% growth over the previous year and achieved an all-time high profit after tax of ₹ 95.63 Crores higher by 45%.

During the first part of the year 2021-22, the Indian economy continued to suffer from the impact of Covid-19 and its related restriction and lockdowns, followed by a recovery in the economic activity from Aug 2021 onwards. This resulted in a GDP growth of approximately 8.9%, which comes against the degrowth of 7% in FY2020-21. Growth revival was essentially due to the recovery in Agricultural and Manufacturing sectors, while the Automotive sector saw headwinds due to the continued chip shortage and depressed market conditions and sentiments. The Service sector also continued to see the negative impact due to the pandemic for most of the year.



#### Awarded for “Excellence in Delivery” at TIMKEN Suppliers Meet 2021

Due to the continued disruption during the pandemic, the Supply chain and Logistics were severely impacted, causing major issues of raw material availability across the world. Container availability was hit due to the erratic operations at major international ports across the USA, EU and China, resulting in delays in shipment lead times and sharp increase in freight rates by a staggering 4 to 5 times.

Despite the challenging situation during the year, your Company's manufacturing activities continued well. This helped in not only being able to execute regular orders but was in a position to service some 'one time' sales opportunities for Export customers. This gave greater confidence to our international customers about our capabilities to deliver on time, compared to others. Productivity improvement coupled with manufacturing cost reduction initiatives and alternate raw material development and implementation across the operations enabled the Company to substantially improve its profitability, in spite of huge increase in various raw material prices. Raw material prices saw a steep increase during Q4 2021-22 and is expected to last during the next fiscal or beyond as well. Availability of key raw materials and components continued to be a major cause of concern.

Your Company is on a path of Digitalisation across its manufacturing, sales and finance functions. A pilot line in i4.0 was implemented successfully at one of the locations. This will be rolled out across plants in a phased manner over the next 2-3 years. This is expected to improve the line productivity, quality performance and provide traceability from raw material to finished product. A few more breakthrough projects have been taken up leading



**ACMA Atmanirbhar Excellence Award 2021 for “EXCELLENCE IN DIGITALIZATION”**



to significant improvement in manpower productivity.

Technology and Innovation continues to be a focus and thrust area for your Company to enhance its brand image and to enable new business growth. New products were introduced for 2W Electric vehicles, Industrial applications and defence sectors.

The hybrid model of connect with the industry helped in engaging with customers in anticipating the demand cycles and reducing lead times. Digital connect and Lead management programs have also helped in improving business conversion rates.

In summary, the year 2021-22 was an eventful one for our business operations with a lot of challenges,

while at the same time bucking the trend and ending the year with a growing topline and bottom line. Digitalisation, focus on EV segment, product range expansion, new product additions and technology enhancement form part of the key strategic initiatives, coupled with efficiency enhancement projects.

  
**Technology and Innovation continues to be a focus and thrust area for your Company to enhance its brand image and to enable new business growth**  


## EXPORTS

Export sales registered robust growth during 2021-22. This was due to new customer additions as well as some one-time opportunities. The major focus markets are Americas, Europe, Middle East & Africa. Region specific product benchmarking and application-based approach, coupled with speed of response to market needs resulted in revenue growth during the year. Systemic penetration into the automotive aftermarket has helped growth. To grow the export business, the focus will be on new products and new markets in addition to expanding the customer base over the next few years.

## OTHERS

During the year, the Company has made significant progress in technology for core products and for the EV segment. In its core products, the Company has developed Poly V belts with high strength, Tensioners with combination of Axial and Radial damping, Hub unit and Suspension seals for passenger car applications. In high pressure hoses and hose assemblies, the Company has won approvals from several customers. As part of the localisation agenda, the Company has invested in a new line to manufacture Brake hoses. In the EV segment, the Company continues to progress in Belt drive solutions for Mid Motor applications and supplies have commenced to leading OEM's. The Company is investing in additional capacity for belts to service the demand for the EV Segment.

## RESEARCH AND DEVELOPMENT

Your Company continues its focus on R&D as a vehicle to realize its growth aspirations. Investment in people and infrastructure (design and development software, PLM software, validation test rigs, etc.) has increased. This strategic investment in R&D team is to support various new technology projects which are aligned with the business goals and strategies.

In addition, the manufacturing process technology team supports the R&D team's work in upgrading the manufacturing process capability to support the requirements of the product design and enable the manufacturability of those products and designs at a competitive cost.



**HR best practices 2021 Gold Star Award from FTCCI  
(Federation of Telangana Chambers of Commerce and Industry)**

**During the year,  
the Company  
has made  
significant progress in  
technology  
for core products  
and for the  
EV segment**



**Recognition from CLAAS**



**Best CSR Practices award from Government of Telangana.**

Our efforts are on developing technologies in terms of newer material, advanced designs and processes for existing as well as new products and markets.

## HUMAN RESOURCE

The Company considers employees as vital and most valuable assets. Human Resource Development (HRD) is aligned with business needs to enhance business performance and results. HRD is practiced through an overall HRD framework with its constituents as resourcing, employee engagement, performance & compensation management, competency based development, career & succession planning and organisation development.

Your Company continued the following initiatives during the financial year 2021-22: -

- ◆ The Company ensured vaccination of all its employees, prescribed strict SOP at all its workplaces and organised campaigns to bring awareness amongst all employees on safeguards against the Pandemic.
- ◆ Regular communication from the senior management to all employees to keep their morale high.
- ◆ Provided work-from-home facility to employees depending upon the situation.
- ◆ Transformed the virtual/online option into an active engagement and communication platform.



- ◆ Intensified training through the digital platform in line with Business, Learning and Development Strategy and the JKO Competency Framework on-the-job, behaviour training, coaching and mentoring.

All the above initiatives paid rich dividends in reducing the impact of the pandemic and keeping employee morale very high. Team JK Fenner came out with high spirit and extended full support in adhering to the Standard Operating Procedures (SOP) formulated by the Company in line with the Government guidelines.

The Company has been investing in capacity and capability development by increasing its thrust on digital and virtual learning. The Company has also increasingly recruiting digitally

skilled talent to ensure that human efforts are complemented by higher automation for all round excellence and enhanced performance.

The operative employees of all manufacturing plants fully cooperated in utilising plant capacities effectively and providing a steady supply of quality production as the markets opened up. Several initiatives in manufacturing excellence, cost reduction have been effectively employed. JK Fenner has put highest emphasis on training and developing employees not only in functional excellence but also in terms of new sets of behavior that ensure health and safety for self, families and all stakeholders. In true sense, your Company

continues to stand up by the group's Core Value - "Caring for People".

### **CORPORATE SOCIAL RESPONSIBILITY**

Your Company considers the community as its key stakeholder and is one of the foremost proponents of inclusive growth and has continued to undertake projects for overall development and welfare of the society in the fields of environment, conservation of natural resources, health, education, rural development and livelihood interventions etc. In line with its belief of considering Community as its key stakeholder and being sensitive to its needs.

During the outbreak of Covid-19 pandemic, the Company

took several initiatives at the Community level across its plant locations by undertaking distribution of food kits, face masks, hand sanitisers to needy families and sanitisation. It also contributed to setting up Oxygen generating plant at a Government Hospital in Madurai. In addition, the Company also assisted the local administration in taking various preventive and safety measures.

Your Company has been undertaking and participating in the socially important projects in the fields of livelihood creation with focus on skill development, rural development, health & hygiene, education & environment sustainability among others. In this pursuit, during the year 2021-22, the Company initiated



**Donation of Oxygen Generating plant in Madurai**



**CII Business Excellence Maturity Assessment – “Gold Category Recognition”**

skill development programmes for village women for imparting tailoring and embroidery skills and driving skills for the underprivileged youth. As a part of livelihood enhancement program, the Company provided training to Farmers for increasing the yield by adopting newer technology and irrigation systems. Towards health, your Company organised Cancer Awareness and free cancer detection camps, Free Eye Screening camps in the villages in Telangana and Tamil Nadu. The Company has installed Solar Street Lamps in the villages located in Tamil Nadu and Telangana towards environmental sustainability. The contents of the CSR policy are also disclosed on the website of the Company at the link: [www.jkfenner.com](http://www.jkfenner.com).

The Annual report on CSR activities undertaken by the Company during the financial year under review in the prescribed format is annexed to this report as Annexure-C.

### **ACHIEVEMENTS, AWARDS AND ACCOLADES IN 2021-22**

During the year 2021-22, your Company has been bestowed with the following awards and accolades:-

1. The Company won Zero PPM Award from Bharat Benz.
2. Hyderabad1 Plant won Best Global Supplier Excellence Award from Timken and was conferred with Best Supplier Award by Volvo Eicher Commercial Vehicles under the category of After Market Supply Chain Excellence.
3. Hyderabad2 Plant won Gold Category award from CII for Business Excellence Maturity Assessment – 2021 and People Management Award for the category of “Highest Improvement” by JKO Organisation.
4. The Company won CII Excellence Award under the category of Strong

Commitment to HR Excellence and in the Categories of NPD Bridge Cluster, Realtime Manufacturing–Industry 4.0 and New Product Design.

### **ANNUAL RETURN**

The Annual Return referred to in Section 134(3)(a) of the Companies Act, 2013 is available on the website of the Company at the link: [www.jkfenner.com](http://www.jkfenner.com).

### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The particulars of loans, guarantees, securities and investments covered under the provision of Section 186 of the Companies Act, 2013, are furnished in the financial statements.

### **RELATED PARTY TRANSACTIONS**

During the financial year ended 31st March 2022, all contracts or arrangements or transactions entered into by the Company with related parties were in the ordinary course of business and

on an arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013.

Further, the Company did not enter into any contract or arrangement or transaction with related parties that could be considered material. In view of the above, disclosure in Form AOC-2 is not applicable.

### CONSERVATION OF ENERGY, ETC.

The details, as required under Section 134(3)(m) read with the Companies (Accounts) Rules, 2014 are annexed to this Report as Annexure 'A' and forms a part of it.

### DEPOSITS

The particulars with respect to the deposits covered under Chapter V of the said Act, for the financial year ended 31st March 2022 are (a) accepted during the year: Nil; (b) remained unclaimed as at the end of the year: ₹ 0.005 Crores; (c) defaulted in repayment of deposits or payment of interest thereon at the beginning of the year and at the end of the year: Nil and (d) details of deposits which are not in compliance with the requirements of Chapter V of the said Act: Nil.

### CONSOLIDATION OF FINANCIAL STATEMENTS

Pursuant to Section 129 of the Companies Act, 2013 and Rules thereunder, the Company is eligible to avail exemption from presenting consolidated financial statements, since the Company complies with the conditions specified in the said Section and Rules thereto.

Accordingly, your Company has availed the exemption from preparation and presentation of its Consolidated Financial Statements for the year

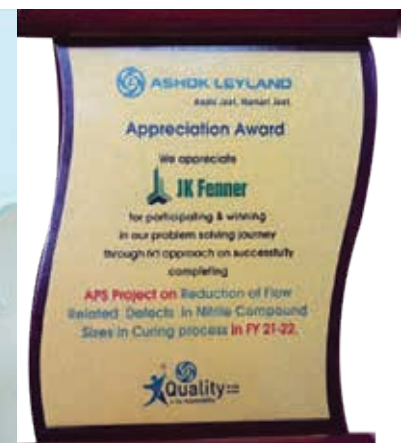
In true sense,  
your Company  
continues to  
stand up by the  
group's Core Value -  
"Caring for People"

ended 31st March 2022, being an unlisted Company coupled with the fact that its Holding Company consolidated the financial statements for the year ended 31st March 2022 in compliance with the applicable Accounting Standards.

During the financial year under review, Gram Power Infrastructure Private Limited has become associate company excepting this, no Company has become or



Appreciation Award from Ashok Leyland



ceased to be subsidiary or associate of your Company. The Company does not have any Joint Venture.

## AUDITORS

### (a) Statutory Auditors and their Report

M/s. Lodha & Co., Chartered Accountants were appointed Auditors of the Company for a term of 5 (five) consecutive years to hold office from the conclusion of 24th Annual General Meeting (AGM) held in the year 2017 till the conclusion of 29th AGM of the Company to be held in the year 2022. The observations of the Auditors in their report on Accounts and the Financial Statements, read with the relevant notes are self-explanatory. The Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

### (b) Secretarial Auditors and Secretarial Audit Report

Pursuant to provisions of Section 204 of the Companies Act, 2013, the Board of Directors appointed M/s. R. Sridharan & Associates, Company Secretaries in Practice, as Secretarial Auditors to carry out the secretarial audit of the Company for the financial year 2021-22. The Report, given by them for the said financial year in the prescribed format, is annexed to this Report as Annexure 'B'. The Secretarial Audit Report does

not contain any qualification, reservation or adverse remark.

### (c) Cost Auditors and Cost Audit Report

The Company is required to maintain the cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and accordingly such accounts and records are made and maintained by the Company. The Cost Audit for the financial year ended 31st March 2021 was conducted by M/s. Ramachandran and Associates, Cost Accountants, Chennai, and as required, the Cost Audit Report was duly filed with the Ministry of Corporate Affairs, Government of India. The Audit of the cost accounts of the Company for the financial year ended 31st March 2022 is also being conducted by the said firm.

## INTERNAL FINANCIAL CONTROLS AND RISK MANAGEMENT

With a view to have a robust Internal Financial Control system, the Company has put in place budgetary controls, internal reporting policies and procedures. These systems, policies and procedures are reviewed from time to time and are updated. This ensures accuracy and completeness of the accounting



Certificate of Appreciation from Kirloskar



Special Recognition from KOEL

records, safeguarding of the assets and resources of the Company and helps in prevention and detection of frauds and errors. The policies and procedures are also adequate for orderly and efficient conduct of business of the Company. The Company also has a robust management information system commensurate with the size and nature of its operations, which not only facilitates speedy business decisions but also helps in sharing reliable information across various levels in the Company. No reportable material weakness was observed in the system during the previous fiscal.

The Company has an elaborate risk management system to inform Board Members about risk assessment and minimisation procedures. The Risk Management framework formalises the Company's approach to overview and manage overall risks. Board Members are accordingly informed.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

During the financial year under review, there were no significant and material orders passed by the Regulators, Courts or Tribunals or any proceedings/ pending proceedings under laws of the land including Insolvency and Bankruptcy Code that could impact the going concern status of the Company and its future operations.

#### **MATERIAL CHANGES AND COMMITMENTS**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of this report.

#### **CHANGE IN THE NATURE OF BUSINESS**

During the year under review, there was no change in the nature of business. However, the Company has amended its Memorandum of Association to enable its future outlook of expansion of product portfolio in India and overseas.

#### **SHARE CAPITAL**

During the year under review, your Company had made premature redemption of 25,00,000 Cumulative Redeemable Preference Shares (CRPS) of ₹ 100 each aggregating ₹ 25,00,00,000 on 30th October 2021 out of total CRPS of 70,00,000 CRPS of ₹ 100 each. Thus, preference share capital of the Company stands reduced to 45,00,000 CRPS of ₹ 100 each aggregating ₹ 45,00,00,000. Excepting this, there was no change in the capital structure of the Company.



**Chairman's People Management Award**

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

Shri H V Lodha retires by rotation and being eligible, offers himself for re-appointment at the ensuing AGM.

The Board of Directors of the Company, on the recommendation of the Nomination and Remuneration Committee has re-appointed Shri Nagaraju Srirama as Whole-time Director of the Company with the designation 'President & Director' for a term of three years commencing 28th May 2022, subject to requisite approval of Members of the Company at the ensuing AGM.

Except this, there was no other change in the Directors/ KMP of the Company during the year under review.

Declarations have been received from all the Independent Directors of the Company that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

### MEETINGS OF THE BOARD

Four Board Meetings were held during the twelve months period from 1st April 2021 to 31st March 2022 i.e., on 6th May 2021, 31st July 2021, 22nd October 2021 and 31st January 2022. A separate meeting of Independent Directors was held on 31st January 2022.

### AUDIT COMMITTEE

The Audit Committee of Directors comprises of Shri Bakul Jain, Chairman of the Committee, Shri Rahul C Kirloskar, Shri Surendra Malhotra, Independent Directors and Shri Nagaraju Srirama, President & Director. The composition and the 'Terms of Reference' of the Committee are in conformity with the provision of Section 177 of the Companies Act, 2013.

### VIGIL MECHANISM

Pursuant to Section 177 of the Companies Act, 2013 and the Rules thereto, your Company has established a vigil mechanism for

the directors and employees to report their genuine concerns or grievances relating to actual or suspected fraud, unethical behaviour, violation of the Company's Code of Conduct or Ethics policy, and any other event which would adversely affect the interests of the business of the Company. The details of establishment of such mechanism have been disclosed on the website of the Company. It is affirmed that no personnel have been denied access to the Audit Committee.

### PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company is sensitive to women employees at workplace. As required under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has a formal policy to ensure safety of women and prevention of sexual harassment and has set up Internal Complaints Committee (ICC) at its workplaces to redress the complaints of women employees.



Up skill Training for Aqua Farmers

During the financial year ended 31st March 2022, no complaint has been filed with ICC with allegation of Sexual Harassment. Further, there were no complaints pending as on the end of the financial year 31st March 2022.

### NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Committee has formulated a Nomination and Remuneration Policy pursuant to the provisions of Section 178 of the Companies Act, 2013. The policy is available at the website of the Company and the web link is <https://www.jkfenner.com/investors/company-policy.pdf>.

The salient features of the Policy are as follows:

(i) The Nomination and Remuneration Committee of Directors (the Committee) shall take into consideration the following criteria for recommending to the Board for appointment as a Director of the Company:

(a) Qualifications & experience; (b) Positive attributes like-respect for Company's core values, professional integrity, strategic capability with business vision, etc.; (c) In case, the proposed appointee is an Independent Director, he should fulfill the criteria for appointment as Independent Director as per the provisions of the Act and other applicable laws & regulations; (d) The incumbent should not be disqualified for appointment as Director pursuant to the provisions of the Act or other applicable laws & regulations.

(ii) The Committee will recommend to the Board appropriate compensation to Executive Directors subject to the provisions of the Act and other applicable laws & regulations. The Committee shall periodically review the compensation of such Directors in relation to other comparable companies and other factors, the Committee deems appropriate. Proposed changes, if any, in the compensation of such Directors shall be reviewed by the Committee subject to approval of the Board.

(iii) The evaluation of performance of the Board, its committees and the individual directors will be carried out by the Board, on an annual basis, in the manner specified by the Nomination and Remuneration Committee

of Directors for such evaluation and in accordance with the other applicable provisions of the Companies Act, 2013.

(iv) The Committee will review from time to time, the Board diversity to bring in professional performance in different areas of operations, transparency, corporate governance, financial management, risk assessment & mitigation strategy and human resource management in the Company. The Company will keep succession planning and board diversity in mind while recommending any new name of Director for appointment to the Board.

(v) The eligibility criteria for appointment of Key Managerial Personnel (KMP) and other senior management personnel shall vary for different positions depending upon the job description of the relevant position. In particular, the position of KMP shall be filled by senior personnel having relevant qualifications and experience. The compensation structure for KMP and other senior management personnel shall be as per Company's remuneration structure taking into account factors such as level of experience, qualification and suitability which shall be reasonable and sufficient to attract, retain and motivate them. The remuneration would be



### **Best Practice Recognition from TENNECO**

linked to appropriate performance benchmarks. The remuneration may consist of fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

### **PERFORMANCE EVALUATION**

As required, the Nomination and Remuneration Committee of Directors specified the manner for effective evaluation of performance of the Board, its committees and individual Directors in accordance with the provisions of the Companies Act, 2013.

Accordingly, the Board of Directors made formal annual evaluation of its own performance and that of its committees and individual Directors in accordance with the manner specified by the Nomination and Remuneration Committee of Directors.

Performance of the Board was evaluated after seeking inputs from all the Directors on the basis

of the criteria such as adequacy of its composition and structure, effectiveness of Board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as composition of committees, terms of reference of committees, effectiveness of the committee meetings, participation of the members of the committee in the meetings, etc.

The Board also carried out evaluation of the performance of individual directors based on criteria such as attendance and effective participation and contributions at the meetings of the Board and its committees, exercise of his/her duties with due & reasonable care, skill and diligence, etc. In a separate meeting of the Independent Directors of the Company, performance of the non-independent Directors, performance of the Board as a whole and performance of the Chairman were evaluated, taking into account the views of Executive Directors of the Company. The Chairman of the Meeting of the Independent Directors apprised the Board about the evaluation carried by it, that the Independent Directors were fully satisfied in this regard.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134(3)(c) of the Companies Act, 2013, your Directors state that:

- a) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- b) the accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) the annual accounts have been prepared on a going concern basis.

e) the internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and

f) the proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

Your Directors further state that applicable Secretarial Standards issued under Section 118 of the Companies Act, 2013 have been complied with.

#### **ACKNOWLEDGEMENTS**

Your Directors wish to acknowledge and place on record their appreciation for the commitment and dedication of the employees of your Company.

Your Directors also wish to record their appreciation on the continued support and assistance received by the Company from its various stakeholders including valued Customers, Dealers, Suppliers, Shareholders, Bankers, and various Government authorities.

On behalf of the Board  
**Dr. Raghupati Singhania**  
Chairman

Place : New Delhi  
Date : 28.04.2022

## ANNEXURE A TO THE DIRECTORS' REPORT

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

#### (A) CONSERVATION OF ENERGY

##### (i) the steps taken or impact on conservation of energy:

The Company has worked on many initiatives to reduce power and fuel consumption. They were as follows:

- a) Reduction of neutral current by balancing phase wise distribution of load in process equipment's.
- b) Installation of Energy efficient dust collectors for Profile Grinding Machine.
- c) Right Sizing of Steam lines based on flow rate to reduce line losses.
- d) Installation of compact module Thermo Dynamic Traps and Flash jet vessel condensate transfer pump to maximize condensate recovery.
- e) Replacement of energy efficient (IE3) motors.
- f) Cycle time reduction in Curing Press and pot curing.
- g) Elimination of Chilled water in Pot curing process.
- h) Elimination of compressed Air in Rota curing process.
- i) Water recycling from Effluent treatment plant by Zero Liquid Discharge technology. Recycled water being used in process.
- j) Implementation of closed loop pipelines to eliminate process water recirculation pumps.
- k) Installation of Energy efficient dust collectors.
- l) Right sizing and Aluminum alloy pipes for Compressed air piping to minimize friction losses.
- m) Reduction of Steam pressure from 8bar to 3bar for Calendars and Fabric Dryer to reduce steam consumption.
- n) Right Sizing of Steam lines based on flow rate to reduce line losses.
- o) Installation Energy Efficient Steam Line Accessories for Rota cure Machines.
- p) Water recycling from Sewage and Effluent treatment plant by Membrane bio reactor technology. Recycled water being used in process.

With the above steps, the Company could reduce the energy, fuel & water consumption to a greater extent.

##### (ii) the steps taken by the Company for utilising alternate sources of energy:

The Hyderabad plant consumed about 43.22 lacs units of power from its solar plants located in Telangana which is about 62% of its energy requirement through renewable energy.

The Madurai plant consumed 73.77 lacs units of power from its solar plants and windmill located in Aralvaimozhi which is about 72.32% of its energy requirement through renewable energy.

##### (iii) the capital investment on energy conservation equipments:

Your Company has invested in various energy efficient systems at all the Plants, which helped to reduce specific power and fuel consumption around 5% YOY.

#### (B) TECHNOLOGY ABSORPTION

##### (i) the efforts made towards technology absorption:

Company's Technology Team has worked on various breakthrough technology absorption projects to enable the Company to meet global customer requirements. Improvements done both on product offerings & manufacturing process capabilities. Benchmarking & Innovation are the key drivers.

- (ii) **the benefits derived like product improvement, cost reduction, product development or import substitution:**
- Company could develop and offer higher value for money belts in few segments. This has helped to improve the market share.
  - Company could develop belts for specific segment application, which helped to enhance the product life significantly.

(iii) **in case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year) – Nil.**

(iv) **the expenditure incurred on Research & Development:**

**i) Areas of R&D Activities**

The Company has been continuously upgrading its facilities to provide the best products to customers at competitive pricing, through product and process innovation.

**ii) Research & Development Expenses**

The capital expenditure incurred on R&D during the year was ₹ 0.30 crores and recurring expenditure amounted to ₹ 12.16 crores, with the total expenditure of ₹ 12.46 crores, 1.15% of the turnover.

**(c) FOREIGN EXCHANGE EARNINGS AND OUTGO**

₹ in Crores

	2021-22	2020-21
Earnings in Foreign Exchange	255.01	158.14
Foreign Exchange Outgo	141.34	96.61

On behalf of the Board

Place: New Delhi

Date: 28.04.2022

**Dr. Raghupati Singhania**

Chairman

**ANNEXURE B TO THE DIRECTORS' REPORT**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

[Pursuant to Section 204(i) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**The Members,**

**J.K. Fenner (India) Limited**

**CIN: U24231TN1992PLC062306**

**3, MADURAI-MELAKKAL ROAD**

**MADURAI – 625016.**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by J.K. Fenner (India) Limited (CIN: U24231TN1992PLC062306) (hereinafter called "the Company") having its Registered Office at 3, Madurai-Melakkal Road, Madurai – 625 016 for the financial year ended 31<sup>st</sup> March, 2022. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) Since the Company is an unlisted Public Company and hence the question of complying with the provisions of the Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder does not arise;
- (iii) The Depositories Act, 2018 and the Regulations and Bye-laws framed thereunder;
- (iv) The Company has complied with the applicable provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment. There was no Foreign Direct Investment and External Commercial Borrowings during the year under review;
- (v) Since the Company is an unlisted Public Company, the provisions of the following Regulations (a to i) and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable :-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 & the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity Regulations, 2021;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 & the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
  - i) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) As per the information furnished to us by the Company, no specific laws/acts are applicable to the company. Based on the information furnished to us and explanation provided to us, we have examined the adequacy of systems and processes in place to monitor and ensure compliance with Labour laws, Economic laws, etc.

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

We have also examined compliance with the applicable clauses of the following:

Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) as amended issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. The Company has properly convened & recorded in compliance with Rule 3 of Companies (Meetings of Board and its Powers) Rules, 2014 in respect of businesses that have been transacted through Video Conferencing / Audio Visual means. Further, the Circulars and Guidelines issued by the Ministry of Corporate Affairs in view of the pandemic pertaining to Board/ Committee meetings, General Meetings and other provisions of the Act and Rules have been complied with by the Company.

Based on the verification of the records and minutes, the decisions were carried out with the consent of majority of the Board of Directors / Committee Members and there were no dissenting Director(s)/member(s) views recorded in the minutes. Further in the case of minutes of the proceedings of the general meetings held during the year under review, there were no dissenting members recorded in the minutes.

**We further report that** based on review of compliance mechanism established by the Company and on the basis of the Compliance certificate(s) placed before the Board and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period,

1. The company has obtained the approval of the members at the 28<sup>th</sup> Annual General Meeting held on September 14, 2021 for alteration of the Memorandum of Association (MOA) and Articles of Association (AOA) of the Company for amendment of Object clause and adoption of new set of Articles of Association in substitution of existing AOA under the Companies Act, 2013.
2. The company has redeemed 25,00,000 (Twenty five lakhs) Cumulative Redeemable Preference Shares of ₹ 100 each aggregating ₹ 25,00,00,000 (Twenty five crores) out of the total 70,00,000 CRPS of ₹ 100 each on 30<sup>th</sup> October, 2021 as approved by the Board of Directors at their meeting held on 22<sup>nd</sup> October 2021.
3. The company has obtained the approval of the Board of Directors at their meeting held on October 22, 2021 and 31<sup>st</sup> January, 2022 respectively for amalgamation of the wholly owned subsidiary of the Company, viz., Acorn Engineering Limited with the Company.

**For R.SRIDHARAN & ASSOCIATES**

COMPANY SECRETARIES

**CS R.SRIDHARAN**

**CP No. 3239**

**FCS No. 4775**

**PR NO.657/2020**

**UIN: S2003TN063400**

**UDIN: F004775D000220861**

**Place : CHENNAI**

**Date : 28<sup>TH</sup> APRIL, 2022**

Note: This Report is to be read with letter of even date , which is annexed as "Annexure A" and Forms an integral part of this report.

The Members,  
**J.K. Fenner (India) Limited**  
3, MADURAI-MELAKKAL ROAD  
MADURAI – 625016

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records as per the Auditing Standards (CSAS-1 to CSAS-4) and Guidance Notes on ICSI Auditing Standards and Guidance Note on Secretarial Audit issued by The Institute of Company Secretaries of India. The verification was done to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company as well as correctness of the values and figures reported in various disclosures and returns as required to be filed by the company under the specified laws.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. It is the responsibility of the management of the company to devise proper systems to ensure compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards and to ensure that the systems are adequate and operate effectively. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For R.SRIDHARAN & ASSOCIATES**  
COMPANY SECRETARIES

**CS R.SRIDHARAN**  
**CP No. 3239**  
**FCS No. 4775**  
**PR NO.657/2020**

**UIN: S2003TN063400**

**UDIN: F004775D000220861**

**Place : CHENNAI**

**Date : 28<sup>TH</sup> APRIL, 2022**

## **ANNEXURE C TO THE DIRECTORS' REPORT**

### **ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT**

#### **FOR FINANCIAL YEAR 2021-22**

##### **1. Brief outline on CSR Policy of the Company:**

The Company has been one of the foremost proponents of inclusive growth and since inception, has been continuing to undertake projects for overall development and welfare of the society in areas pertaining to health care, education, livelihood intervention and rural development etc. This CSR Policy has been framed in accordance with Section 135 of the Companies Act, 2014 (the Act) and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the Rules) as amended from time to time. The Policy applies to all CSR projects and activities to be undertaken by the Company. The Policy contains the

approach and direction given by the Board of Directors, taking into account the recommendations of the CSR Committee. The CSR Policy also lays down the guiding principles for selection, implementation and monitoring of activities as well as formulation of the Annual Action Plan to carry out CSR Projects by the Company.

## 2. Composition of CSR Committee:

Sl. No	Name of the Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri Vikrampati Singhania	Managing Director (Chairman of the Committee), Non-Independent Director	2	2
2.	Shri Surendra Malhotra	Independent Director	2	2
3.	Shri Nagaraju Srirama	President & Director, Non-Independent Director	2	2

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company : **www.jkfenner.com**.
- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) : **Not Applicable**.
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any. :

Sl. No	Financial Year	Amount available for set-off from preceding financial years (Rs. in Lakhs)	Amount required to be set-off for the financial year, if any (Rs. in Lakhs)	
			Budget	Spent
1.	2020-21	0.54	207.65	208.19
2.	2019-20	-	-	-
3.	2018-19	-	-	-
TOTAL		0.54	207.65	208.19

- Average net profit of the company as per section 135(5) : ₹ **10,915.86 Lacs**
- Two percent of average net profit of the company as per section 135(5) : ₹ **218.32 Lacs**
  - Surplus arising out of the CSR projects or programmes or activities of the previous financial years. : --
  - Amount required to be set off for the financial year, if any. : ₹ **0.54 Lacs**
  - Total CSR obligation for the financial year (7a+7b-7c). : ₹ **217.78 Lacs**
- (a) CSR amount spent or unspent for the financial year (2021-22) :

Total Amount Spent for the Financial Year (in Rs. in Lakhs)	Amount Unspent (in Rs.)				
	Total amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
<b>220.59</b>	<b>Nil</b>	<b>Not Applicable</b>			<b>Nil</b>

(b) Details of CSR amount spent against ongoing projects for the financial year: **No ongoing projects.**

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)		
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State	Location of the project District	Amount spent in the current financial year (Rs. in Lakhs)	Mode of Implementation- Direct (Yes/No)	Mode of Implementation -Through Implementing Agency Name CSR Registration number		
1.	Health Care	Cl.(i)-Preventive health care and promotion of sanitation and making available safe drinking water.	No	Tamil Nadu	Madurai, Dindigul, Ramnad & Kanchipuram	63.30	No.	Sankara Nethralaya MEEL India Vasan Eye Care	CSR00002623 CSR00024962 -	
				Telangana	Sangareddy		No.	Swastava Cancer Centre & Agarwal Eye Hospital	- -	
2.	Adult Literacy Programme	Cl.(ii)-Promoting education Livelihood Creation	No	Tamilnadu	Madurai, Kanyakumari	7.88	Yes.	--	-	
	Self help Groups/ Skill Development Livelihood Creation		No	Telangana, Tamilnadu, Delhi, Punjab & Andhra Pradesh	Sangareddy, Madurai, Kanchipuram, Delhi, Jalandhar & Krishna	132.34	No.	Vishnu Cars & Varun Motors	- -	
3.	Environment	Environmental sustainability, ecological balance and conservation of natural resources	No	Tamil Nadu & Telangana	Madurai, Kanchipuram & Sangareddy	14.69	Direct	--	-	
<b>Total</b>						<b>207.22</b>				

(d) Amount spent in Administrative Overhead

: ₹ **2.39 Lacs**

(e) Amount spent on Impact Assessment, if applicable

: **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)

: ₹ **220.59 Lacs**

(g) Excess amount for set off, if any.

: ₹ **0.54 Lacs**

Sl. No.	Particular	Amount (Rs. In Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5).	218.32
(ii)	Total amount spent for the Financial Year	220.59
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2.27
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any.	--
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	2.27

9. (a) Details of Unspent CSR amount for the preceding three financial years : **Nil**
- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s) : **Nil**
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**)
- (a) Date of creation or acquisition of the capital asset(s). ]
- (b) Amount of CSR spent for creation or acquisition of capital asset ] **Not Applicable**
- (c) Details of the entity or public authority or beneficiary under whose name such Capital asset is registered, their address etc. ]
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) ]
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). : **Not Applicable**

Place : New Delhi  
Date : 28<sup>th</sup> April 2022

**(Shri Vikrampati Singhania)**  
Chairman, CSR Committee

**(Shri Nagaraju Srirama)**  
President & Director

## INDEPENDENT AUDITOR'S REPORT To THE MEMBERS OF J.K. FENNER (INDIA) LIMITED

### Report on the Audit of Financial Statements

#### Opinion

We have audited the financial statements of **J.K. FENNER (INDIA) LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as the "financial statements").

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 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2022, its Profit (including Other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute

of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this Auditors' Report. 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 the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### Responsibility 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/ state of affairs, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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, Board of Directors 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 Board of Directors 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the 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 ability of the Company 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.

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 including other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 39 to the financial statements;
  - ii. The Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, during the year ended 31<sup>st</sup> March, 2022.
- iv. (a) The management has represented that to the best of its knowledge and belief, no funds (which are material either individually or in aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The management has represented that, no funds (which are material either individually or in aggregate) have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above as required by Rule 11(e) of Companies (Audit & Auditors) Rules, 2014, as amended, contains any material mis-statement.
- v. (a) The interim dividend declared or paid during the

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

year by the company is in compliance with section 123 of the Companies Act, 2013 (Note No. 51).

- b) The final dividend proposed in the previous financial year, declared and paid by the Company during the year, is in compliance with section 123 of the Companies Act, 2013 (Note No. 51).
- c) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members in the ensuing General Meeting. The amount of dividend proposed is in accordance with section 123 of the Companies Act, 2013.
- h) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 read with Schedule V to the Act.

For **LODHA & CO.**,  
Chartered Accountants  
Firm's Registration No. 301051E

**(N. K. Lodha)**  
Partner  
Membership No.085155  
UDIN : 22085155AIJZZT7955

Place : New Delhi  
Date : 28<sup>th</sup> April 2022

### **ANNEXURE "A" REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF J.K. FENNER (INDIA) LIMITED FOR THE YEAR ENDED MARCH 31, 2022.**

To the best of our information and according to the explanations provided to us by the Company and the books of accounts and records examined by us in the normal course of audit, we state that:

- i. a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
(B) The Company has maintained proper records showing full particulars of intangible assets.
- b) As per the physical verification program, Property, Plant and Equipment were physically verified during the year by the Management according to the phased program designed to cover all the items over a period of three years (accordingly during the year, few items have been physically verified) which, in our opinion, provides for physical verification at reasonable intervals. Based on information and records provided, no material discrepancies were noticed on such verification.

- c) According to the information and explanations given to us and on the basis of our examination of the property tax receipts/registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of all the immovable properties (including those pledged as securities against borrowings, which were examined based on relevant documents), (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements and included in property, plant and equipment and investment property and capital work-in progress are held in the name of the Company as at the balance sheet date.
- d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) or intangible assets or both during the year. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including right-of-use assets) or intangible assets does not arise.

- e) Based on the information and explanations furnished to us, no proceedings have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.
- (ii) (a) As per the physical verification program, the inventories of the Company (except stock lying with the third parties and in transit, for which confirmations have been received/material received) were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. Discrepancies noticed were not of 10% or more in the aggregate for each class of inventories on such physical verification of inventories when compared with books of account.
- (b) According to the information and explanations given to us and as per the records verified, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns / statements filed by the Company with such banks or financial institutions are generally in agreement with the unaudited books of account of the Company of the respective quarters.
- (iii) The Company has made investments in one company during the year and has not provided guarantee or security and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year.
- (a) The Company has not granted loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or any other parties during the year and hence reporting under clause (iii)(a) of the Order is not applicable to the Company.
- (b) The investments made during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of loans granted or advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.
- (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- (e) No loan or advance in the nature of loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3 (iii)(f) is not applicable.
- (iv) According to the information, explanations and representations provided by the management and

based upon audit procedures performed, we are of the opinion that in respect of loans granted, investments made and guarantees and securities provided, the Company has complied with the provisions of Sections 185 and 186 of the Act.

(v) In our opinion the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted and amounts deemed to be deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

(vi) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act in respect of the Company's products and services to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

(vii) (a) According to the records of the Company, the Company is generally been regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues with the appropriate authorities to the extent applicable.

There were no undisputed statutory dues payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March 2022 for

a period of more than six months from the date they become payable except the VAT/CST of ₹ 4.48 Lacs as explained by the management the amounts were remitted to the department but not yet presented for bank clearing, and interest of ₹ 77.71 Lacs on GST.

(b) According to the records and information & explanations given to us, details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31<sup>st</sup> March 2022 on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	58.88	1996-97, 1998-99 to 2001-02, April to December 2002, 2003-04 & 2005-06	Commissioner Appeals, Meerut, Uttar Pradesh
Central Excise Act, 1944	Excise Duty	20.37	2010-11 to 2015-16	High Court, Chennai
Finance Act, 1994	Service Tax	21.92	April '16 to June '17	Assistant / Dy. Commissioner (Madurai)
Finance Act, 1994	Service Tax	8.51	July'15 to March '16	Commissioner (Appeals), Madurai
Central Sales Tax Act and Sales Tax Act of various States	Sales Tax	33.18	1993-94 to 2001-02	Assistant / Dy. Commissioner (Madurai)

Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act and Sales Tax Act of various States (UP)	Sales Tax	126.98	1991-92 to 2004-05	Sales Tax Committee, (Tribunal), Moradabad, U.P.
Rajasthan Value Added Tax 2003	Sales Tax	487.09	2012-13 & 2013-14	Rajasthan Tax Board, Ajmer
Haryana VAT Act, 2003	Sales Tax	5.49	2014-15	Assessing officer, Gurugram
The West Bengal Tax on Entry of Goods into Local Areas Act	Entry Tax	69.00	2013-14 to 2016-17	High Court, Calcutta
The Income Tax Act, 1961	Income Tax	151.22	2018-19	CIT (Appeals)

(viii) According to the information and explanations given to us and the records of the Company examined by us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), that has not been recorded in the books of account.

ix. (a) On the basis of audit procedures and according to the information and explanations given to us, in our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained. There were no unutilized term loans at the beginning of the year.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company and based on the representations of the Company, we report that the Company has neither taken any funds from any entity or person during the year nor it has raised funds through issue of shares or borrowings on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its Subsidiaries or joint ventures or associate companies.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3 (x)(a) of the Order is not applicable.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting

under clause(x)(b) of the Order is not applicable to the Company.

- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under section 143(12) of the Act in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.

- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations and records made available by the management of the Company and audit procedures performed, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year and till date in determining the nature, timing and extent of our audit procedures.
- xv. On the basis of records made available to us and according to information and explanations

given to us, the Company has not entered into non-cash transactions with the directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

- xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, reporting under clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company has not conducted non-banking financial/ housing finance activities during the year. Accordingly, reporting under clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulation made by the Reserve Bank of India. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable.
- (d) Based on the information and explanations provided by the management of the Company, there are two CIC within the group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016). We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company and/ or certificate with respect to meeting financial obligations by the Company as and when they fall due. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of subsection (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.
- xxi. The Company has not prepared the Consolidated Financial Statements by availing the exemption mentioned in the Notification 742(E) dated 27<sup>th</sup> July 2016 issued by Ministry of Corporate Affairs and paragraph 4(a) of Ind AS 110 "Consolidated Financial Statements" and accordingly reporting under clause 3(xxi) of the Order is not applicable.

For **LODHA & CO.,**  
Chartered Accountants  
Firm's Registration No. 301051E  
**(N. K. Lodha)**  
Partner  
Membership No.085155

Place : New Delhi  
Date : 28<sup>th</sup> April 2022

## **ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF J.K. FENNER (INDIA) LIMITED FOR THE YEAR ENDED MARCH 31, 2022**

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

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of J.K. FENNER (INDIA) LIMITED ("the Company") as of 31<sup>st</sup> March, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company 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 respective 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on Company's internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, 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 31<sup>st</sup> March, 2022, 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 : New Delhi  
Date : 28<sup>th</sup> April 2022

For **LODHA & CO.**,  
Chartered Accountants  
Firm's Registration No. 301051E

**(N. K. Lodha)**  
Partner  
Membership No.085155

# J.K. FENNER (INDIA) LTD.

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2022

₹ in Lacs

	Note No.	As at 31.03.2022	As at 31.03.2021
<b>ASSETS</b>			
<b>(i) Non-current assets</b>			
(a) Property, plant and equipment	2	29,010.25	29,930.16
(b) Right to use assets	3	1,240.75	395.58
(c) Capital work-in-progress	4	2,889.64	2,871.91
(d) Investment property	5	28.68	10.28
(e) Intangible assets	6	127.84	115.37
(f) Intangible assets under development	6A	-	4.18
(g) Financial Assets			
i) Investments	7	17,694.76	20,134.97
ii) Loans	8	11,500.00	15,000.00
iii) Other financial assets	9	4,656.77	2,889.81
(h) Other non-current assets	10	998.14	717.24
		<b>68,146.83</b>	<b>72,069.50</b>
<b>(2) Current Assets</b>			
(a) Inventories	11	17,529.19	11,921.58
(b) Financial Assets			
i) Investments	12	604.82	836.27
ii) Trade receivables	13	22,284.50	13,012.85
iii) Cash and cash equivalents	14	6,183.61	4,318.98
iv) Other bank balances	15	5,217.99	5,462.06
v) Loans	16	-	2,650.00
vi) Other financial assets	17	967.63	714.31
(c) Current tax assets (net)	18	4,268.43	4,182.27
(d) Other Current Assets	19	4,814.75	3,444.16
		<b>61,870.92</b>	<b>46,542.48</b>
<b>TOTAL ASSETS</b>		<b>1,30,017.75</b>	<b>1,18,611.98</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	20	248.31	248.31
(b) Other Equity		77,241.89	67,727.82
		<b>77,490.20</b>	<b>67,976.13</b>
<b>Liabilities</b>			
<b>(i) Non-Current Liabilities</b>			
(a) Financial Liabilities			
i) Borrowings	21	14,600.08	17,344.70
ia) Lease liabilities	52	1,142.47	335.64
ii) Other financial liabilities	22	4,231.87	4,634.59
(b) Provisions	23	518.14	594.02
(c) Deferred tax liabilities (Net)	24	1,846.80	1,376.28
(d) Other Non-Current Liabilities	25	677.04	672.19
		<b>23,016.40</b>	<b>24,957.42</b>
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
i) Borrowings	26	7,786.99	5,933.98
ia) Lease liabilities	52	209.44	97.96
ii) Trade payables	27		
Micro and Small Enterprises		3,079.10	1,969.73
Others		5,769.76	7,152.89
iii) Other financial liabilities	28	5,492.53	4,516.14
(b) Other Current Liabilities	29	7,092.11	5,732.34
(c) Provisions	30	81.22	275.39
		<b>29,511.15</b>	<b>25,678.43</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,30,017.75</b>	<b>1,18,611.98</b>

Company overview, Basis of preparation and Significant Accounting Policies

1

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

As per our report of even date

RAGHUPATI SINGHANIA  
Chairman

HARSH PATI SINGHANIA  
H.V. LODHA

For LODHA & CO.,  
Chartered Accountants  
Firm Registration No.301051E

VIKRAMPATI SINGHANIA  
Managing Director

SURENDRA MALHOTRA  
NAGARAJU SRIRAMA  
Directors

N.K. LODHA  
Partner

R.VIJAYARAGHAVAN  
Company Secretary  
New Delhi, the 28<sup>th</sup> April 2022

AMIT AGARWAL  
Chief Financial Officer

New Delhi, the 28<sup>th</sup> April 2022

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022

		₹ in Lacs	
	Note No.	2021-2022	2020-2021
<b>I Income</b>			
Revenue from Operations	31	<b>1,05,059.70</b>	77,858.34
Other Income	32	<b>3,751.91</b>	4,115.21
<b>Total Income</b>		<b>1,08,811.61</b>	81,973.55
<b>II Expenses</b>			
Cost of materials consumed		<b>46,513.57</b>	31,319.71
Changes in inventory of finished goods, stock in trade and work-in-progress	33	<b>(1,255.96)</b>	1,242.07
Purchase of stock in trade		<b>7,660.51</b>	4,898.91
Employee benefits expense	34	<b>14,443.33</b>	13,044.83
Finance costs	35	<b>1,476.95</b>	1,681.74
Depreciation and amortisation expense	36	<b>4,562.56</b>	4,371.30
Other expenses	37	<b>21,782.79</b>	15,994.47
<b>Total expenses</b>		<b>95,183.75</b>	72,553.03
<b>III Profit / (Loss) before tax</b>		<b>13,627.86</b>	9,420.52
<b>IV Tax expense</b>			
Current tax		<b>4,008.50</b>	2,914.80
Deferred tax		<b>56.75</b>	(90.03)
<b>V Profit / (Loss) for the year</b>		<b>9,562.61</b>	6,595.75
<b>VI Other Comprehensive Income</b>			
<b>Items that will not be subsequently reclassified to Statement of Profit and Loss</b>			
Fair value (loss)/ Gain of Equity instruments		<b>1,775.64</b>	312.78
Remeasurement (loss) / gain of the net defined benefit plan		<b>79.43</b>	(354.05)
Income tax relating to Items that will not be Reclassified to Statement of Profit and loss		<b>(413.77)</b>	89.11
<b>Total Other Comprehensive Income</b>		<b>1,441.30</b>	47.84
<b>VII Total Comprehensive Income for the year</b>		<b>11,003.91</b>	6,643.59
<b>VIII Earnings per equity share of ₹ 10 each</b>			
Basic / Diluted	49	<b>₹ 385.11</b>	₹ 265.63

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

As per our report of even date

RAGHUPATI SINGHANIA  
Chairman

HARSH PATI SINGHANIA  
H.V. LODHA

For LODHA & CO.,  
Chartered Accountants  
Firm Registration No.301051E

VIKRAMPATI SINGHANIA  
Managing Director

SURENDRA MALHOTRA  
NAGARAJU SRIRAMA  
Directors

N.K. LODHA  
Partner

R.VIJAYARAGHAVAN  
Company Secretary  
New Delhi, the 28<sup>th</sup> April 2022

AMIT AGARWAL  
Chief Financial Officer

New Delhi, the 28<sup>th</sup> April 2022

# STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022

₹ in Lacs

## I Share Capital

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Issued, Subscribed and fully paid up:</b>		
Equity Shares - 24,83,066 of ₹ 10 each		
Balance at the beginning of the year	248.31	248.31
Changes in equity share capital during the year	-	-
Balance at the end of the year	248.31	248.31

## II Other Equity

Particulars	Reserve and Surplus					Items of Other Comprehensive Income			Total
	Securities Premium	Capital Reserve	Capital Redemption Reserve	Retained Earnings	General Reserve	Fair value (loss)/ Gain of Equity instruments	Remeasurement (loss)/ gain of the net defined benefit plan	Income Tax relating to Items that will not be Reclassified to Statement of Profit and loss	
As on 1 <sup>st</sup> April, 2020	140.00	258.11	77.10	19,006.81	40,888.49	1,729.99	(406.32)	134.97	61,829.15
Profit for the year	-	-	-	6,595.75	-	-	-	-	6,595.75
Other Comprehensive Income	-	-	-	-	-	312.78	(354.05)	89.11	47.84
Dividend paid	-	-	-	(744.92)	-	-	-	-	(744.92)
<b>As on 31<sup>st</sup> March, 2021</b>	<b>140.00</b>	<b>258.11</b>	<b>77.10</b>	<b>24,857.64</b>	<b>40,888.49</b>	<b>2,042.77</b>	<b>(760.37)</b>	<b>224.08</b>	<b>67,727.82</b>
Profit for the year	-	-	-	9,562.61	-	-	-	-	9,562.61
Other Comprehensive Income	-	-	-	-	-	1,775.64	79.43	(413.77)	1,441.30
Dividend paid	-	-	-	(1,489.84)	-	-	-	-	(1,489.84)
Transfer to capital redemption reserve (Refer Note no 21(vii))	-	-	2,500.00	(2,500.00)	-	-	-	-	-
<b>As on 31<sup>st</sup> March, 2022</b>	<b>140.00</b>	<b>258.11</b>	<b>2,577.10</b>	<b>30,430.41</b>	<b>40,888.49</b>	<b>3,818.41</b>	<b>(680.94)</b>	<b>(189.69)</b>	<b>77,241.89</b>

As per our report of even date

For LODHA & CO.,  
Chartered Accountants  
Firm Registration No.301051E

N.K. LODHA  
Partner

R.VIJAYARAGHAVAN  
Company Secretary  
New Delhi, the 28<sup>th</sup> April 2022

RAGHUPATI SINGHANIA  
Chairman

VIKRAMPATI SINGHANIA  
Managing Director

AMIT AGARWAL  
Chief Financial Officer

HARSH PATI SINGHANIA  
H.V. LODHA

SURENDRA MALHOTRA  
NAGARAJU SRIRAMA  
Directors

New Delhi, the 28<sup>th</sup> April 2022

## J.K. FENNER (INDIA) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

#### 1.1 The Company overview

J.K. Fenner (India) Limited (the "Company") is a public limited company incorporated and domiciled in India. The registered office of the company is situated at 3, Madurai-Melakkal Road, Kochadai, Madurai - 625016, Tamilnadu, India. The Company is a subsidiary of Bengal & Assam Company Limited.

The Company develops, manufactures, trades, markets and distributes Belts, Oilseals, Engineering products and other auto component products. The Company markets its products for sale to industrial and vehicle manufacturers for fitment as original equipments and for sale in replacement markets worldwide. The Company has five manufacturing plants located in India at Madurai, Sriperumpudur, Nilakottai, Patancheru and Pashamailaram.

#### 1.2 Basis of preparation of financial statements

##### (i) Basis of preparation and Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Companies Act 2013. All accounting policies and applicable Ind AS have been applied consistently for all periods presented.

##### (ii) Basis of Measurement

The financial statements have been prepared under historical cost convention on accrual basis, except for the items that have been measured at fair value as required by relevant Ind AS. The financial statements correspond to the classification provisions contained in Ind AS-1 (Presentation of Financial Statements).

The preparation of these financial statements requires management judgments, estimates and assumptions that affect the application of accounting policies, the accounting disclosures made and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are made in the period, in which, the estimates are revised and in any future periods, effected pursuant to such revision.

#### 1.3 Significant accounting policies

The accounting policies set out below have been applied consistently throughout the periods presented in these financial statements.

##### 1.3.1 Property, Plant and Equipment

###### Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenses directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Expenditure directly attributable in bringing the asset to the location during construction / erection period is included under 'Capital Work-in-Progress' and is allocated to the respective property, plant and equipment on completion of construction / erection.

The cost and related accumulated depreciation are eliminated from the financial statements, upon sale and disposition of the assets and the resultant gains or losses are recognised in the statement of profit and loss.

Assets subjected to operating leases are included in Property, Plant and Equipment.

## NOTES TO THE FINANCIAL STATEMENTS

### Depreciation

Depreciation on property, plant and equipment has been provided using straight line method over their useful lives and in the manner prescribed under Schedule II of the Companies Act, 2013. However, in respect of certain assets including assets given on the operating lease, depreciation is provided as per the useful lives as assessed by the management supported by technical advice ranging from 9 to 24 years for plant and machinery.

### 1.3.2 Investment property

Investment property is property held either to earn rentals or for capital appreciation or both, but not for sale in the ordinary course of the business. Investment properties are measured at cost less accumulated depreciation and impairment losses, if any.

The cost and related accumulated depreciation are eliminated from the financial statements, upon sale, disposition and withdrawal from permanent use of the assets and when no future economic benefits are expected from its disposal. The resultant gains or losses are recognised in the statement of profit and loss.

Assets are transferred from/ to Investment property to/ from Property, plant & equipment when there is an evidence of change in use. Assets are transferred from/ to Investment property at carrying value.

### 1.3.3 Intangible Assets :

Intangible assets are recognised, if the future economic benefits attributable to the assets are expected to flow to the Company and cost of the asset can be measured reliably. The same are amortised over the expected duration of benefits. Such intangible assets are measured at cost less any accumulated amortisation and impairment losses, if any.

Specialised software is amortised over a period of five years from the year of installation.

### 1.3.4 Research and Development Cost

Revenue expenditure on research and development is charged to the Statement of Profit and Loss and capital expenditure on research and development is added to property, plant and equipment.

### 1.3.5 Lease

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1<sup>st</sup> April 2019.

Lessor accounting under Ind AS 116 is substantially unchanged in comparison with earlier under Ind 17. Lessors will continue to classify leases as either operating or finance lease using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the group is the lessor.

### Right of Use Assets

The Company recognises a right-of-use asset, on a lease-by-lease basis, to measure that right-of-use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet.

The cost of right-of-use assets includes the amount of lease liabilities recognised. Initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment test.

## NOTES TO THE FINANCIAL STATEMENTS

### Lease Liabilities

The Company recognise a lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on a lease by lease basis.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

### Short-term Leases and leases of low-value assets

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

### Significant judgment in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

### 1.3.6 Foreign currency transactions and translation

The functional currency of the company is Indian rupee (₹). Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies as at the balance sheet date are translated at exchange rate prevailing at the year end. Exchange differences arising on actual payments / realisations and year end translations including on forward contracts are recognized within Statement of Profit and Loss.

### 1.3.7 Inventories

Inventories are valued at lower of cost or net realisable value. The cost is computed on weighted average basis. Finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

### 1.3.8 Borrowing cost

Borrowing Cost is charged to statement of profit and loss except borrowing cost meant for acquisition of qualifying assets, which is capitalised, using the effective interest method till the date of commercial use.

### 1.3.9 Employee benefits

#### (a) Defined contribution plans

Contributions to the Employees' Regional Provident Fund, Superannuation Fund, Employees Pension Scheme and Employees' State Insurance are recognised as defined contribution plan and charged as expenses during the period in which the employees perform the services.

#### (b) Defined benefit plan

Retirement benefits in the form of Gratuity and Leave Encashment are considered as defined benefit plan and determined on an actuarial valuation using the projected unit credit method at the Balance Sheet date. Actuarial gains

## NOTES TO THE FINANCIAL STATEMENTS

or losses through remeasurement of the net obligation of a defined benefit liability or asset are recognised in Other Comprehensive Income. Such re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

The Provident Fund Contribution other than contribution to Employees' Regional Provident Fund, is made to Trust administered by the trustees. The interest rate to the members of the Trust shall not be lower than the statutory rate declared by the Central Government under Employees' Provident Fund and Miscellaneous Provision Act, 1952. The Employer shall make good deficiency, if any.

### (c) Short term employee benefits

Short term benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

#### 1.3.10

### Income tax

Income tax comprises of current and deferred tax. Income tax expense is recognised in the Statement of Profit and Loss, except to the extent it relates to items directly recognised in Equity or in Other Comprehensive Income.

- a) Current tax: Current Tax is the amount of tax payable on the estimated taxable income for the current year as per the provisions of Income Tax Act, 1961.
- b) Deferred tax: Deferred Tax is recognised for temporary differences. However, Deferred Tax Asset is recognised to the extent that, it is probable that taxable income will be available against which the same can be realised.

#### 1.3.11

### Provisions and Contingencies

#### a) 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 an outflow of economic benefits 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 present value of 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.

#### b) Contingencies

A disclosure for contingent liability is made when there is possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are reviewed at each balance sheet date.

Contingent assets are neither recognised nor disclosed in the financial statements.

#### 1.3.12

### Financial instruments

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

#### (a) Financial assets

Financial assets include cash and cash equivalents, trade and other receivables, loans, investments in securities and other eligible current and non-current assets.

## NOTES TO THE FINANCIAL STATEMENTS

At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified under one of the following three categories according to the purpose for which they are held. The classification is reviewed at the end of each reporting period.

### Financial assets at amortised cost

At the date of initial recognition, these financial assets are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortised cost by applying the Effective Interest Rate ("EIR") method to the gross carrying amount of the financial asset. The EIR amortisation is included as interest income in the statement of profit and loss.

### Financial assets at fair value through other comprehensive income

At the date of initial recognition, these financial assets are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the EIR method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

### Financial assets at fair value through profit or loss

At the date of initial recognition, financial assets that are held for trading, or which are measured neither at amortised cost nor at fair value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

Investment in equity shares of subsidiaries and associates are valued at cost.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109 'Financial Instruments'.

The Company assesses impairment based on the expected credit losses ("ECL") model to all its financial assets except equity instruments measured at fair value and financial assets measured on fair value through profit and loss ("FVTPL") basis.

## (b) Financial liabilities

Financial liabilities include long-term and short-term loans and borrowings, trade and other payables and other eligible current and non-current liabilities.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs. After initial recognition, financial liabilities are classified under one of the following two categories:

### Financial liabilities at amortised cost

After initial recognition, such financial liabilities are subsequently measured at amortised cost by applying the EIR method to the gross carrying amount of the financial liability. The EIR amortisation is included in finance expense in the statement of profit and loss.

## NOTES TO THE FINANCIAL STATEMENTS

### Financial liabilities at fair value through profit or loss:

Financial liabilities which are designated as such on initial recognition, or which are held for trading. Fair value gains/ losses attributable to changes in own credit risk is recognised in OCI. These gains / losses are not subsequently transferred to Statement of Profit and Loss. All other changes in fair value of such liabilities are recognised in the Statement of Profit and Loss.

### 1.3.13

#### Derivative financial instruments

Derivative instruments such as forward currency contracts are used to hedge foreign currency risks. Premium in respect of forward contracts is recognised over the life of contract. Gain or loss arising on remeasuring derivative instruments identified as effective fair value hedges and ineffective cash flow hedges is accounted for in the statement of profit and loss.

### 1.3.14

#### Revenue

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. The specific recognition criteria described below should also be met before revenue is recognised.

Revenue is recognised when the significant risks and rewards of ownership have been passed on to buyer. Revenue is measured at the fair value of the consideration received or receivable net of returns, allowances, trade discounts, volume discounts and taxes.

Inter-unit transfer of goods for captive consumption are included in respective heads of accounts to reflect the true working. Any unrealised profits on unsold stock is not considered for valuing the inventory. This has no impact on the profitability.

Rental income from investment property is recognised as part of the other non operating income in the statement of profit and loss on a straight line basis over the term of the lease except where the rentals are structured to increase in line with the expected general inflation.

Dividend income is recognised in the statement of profit and loss on the date on which the Company's right to receive payment is established.

Interest income is recognised using the effective interest rate method.

The application of Ind AS 115 does not have any significant impact on recognition and measurement of revenue and related items in the financial statement.

### 1.3.15

#### Government Grants

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with. Revenue grants are recognised in the Statement of Profit and Loss. Capital Grants relating to specific assets are recognised in the Balance Sheet as deferred income and credited in statement of profit and loss on a systematic basis over the useful life of the related asset.

Export incentives are recognised in the Statement of Profit and Loss.

### 1.3.16

#### Impairment

The carrying amount of property, plant and equipments, intangible assets and investment property are reviewed at each Balance Sheet date to assess impairment if any, based on internal / external factors. An asset is treated as impaired,

## NOTES TO THE FINANCIAL STATEMENTS

when the carrying cost of asset or cash generating unit exceeds its recoverable value, being higher of value in use and fair value less costs of disposal. An impairment loss is recognised as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed, if there has been an improvement in recoverable amount.

### 1.3.17 Earnings per share (EPS)

“Basic earnings per share is calculated by dividing the profit or loss for the period attributable to the equity holders of the company by the weighted average number of ordinary shares outstanding during the year.”

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

### 1.3.18 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, cheques on hand and remittances in transit for the purpose of meeting short-term cash commitments.

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

### NON CURRENT ASSETS

#### 2 Property, plant and equipment

Particulars	Gross Value					As at 31/03/2022	Depreciation					Net Value		
	As at 01/04/2021	Additions	Trans- fer from invest- ment property	Sales/ Adjus- ments	Trans- fer to invest- ment pro- perty		As at 01/04/2021	Transfer from in- vest- ment pro- perty	For the year	Sales/ Adjus- ments	Trans- fer to in- vest- ment pro- perty	As at 31/03/2022	As at 31/03/2022	As at 31/03/2021
Land - Free hold	2,674.99	-	5.75	-	-	<b>2,680.74</b>	-	-	-	-	-	<b>2,680.74</b>	2,674.99	
	(2,674.99)	-	-	-	-	<b>(2,674.99)</b>	-	-	-	-	-	<b>(2,674.99)</b>	(2,674.99)	
Land - Lease hold	331.37	-	-	-	-	<b>331.37</b>	32.64	-	3.43	-	-	<b>36.07</b>	<b>295.30</b>	298.73
	(331.37)	-	-	-	-	<b>(331.37)</b>	(28.95)	-	(3.69)	-	-	<b>(32.64)</b>	<b>(298.73)</b>	(302.42)
Buildings	9,272.82	429.62	37.94	-	48.71	<b>9,691.67</b>	3,710.42	33.47	391.66	-	19.47	<b>4,116.08</b>	<b>5,575.59</b>	5,562.40
	(9,203.84)	(68.98)	-	-	-	<b>(9,272.82)</b>	(3,302.37)	-	(408.05)	-	-	<b>(3,710.42)</b>	<b>(5,562.40)</b>	(5,901.47)
Plant and Equipment	54,298.36	2,265.97	-	78.06	-	<b>56,486.27</b>	33,755.74	-	3,601.19	41.25	-	<b>37,315.68</b>	<b>19,170.59</b>	20,542.62
	(51,274.36)	(3,135.15)	-	(111.15)	-	<b>(54,298.36)</b>	(30,452.54)	-	(3,402.71)	(99.51)	-	<b>(33,755.74)</b>	<b>(20,542.62)</b>	(20,821.82)
Furniture and Fixtures	1,181.76	19.03	-	-	-	<b>1,200.79</b>	941.21	-	51.86	-	-	<b>993.07</b>	<b>207.72</b>	240.55
	(1,131.09)	(57.38)	-	(6.71)	-	<b>(1,181.76)</b>	(892.59)	-	(54.73)	(6.11)	-	<b>(941.21)</b>	<b>(240.55)</b>	(238.50)
Vehicles	680.92	121.11	-	42.00	-	<b>760.03</b>	358.73	-	88.73	42.00	-	<b>405.46</b>	<b>354.57</b>	322.19
	(692.80)	(119.26)	-	(131.14)	-	<b>(680.92)</b>	(352.72)	-	(101.47)	(95.46)	-	<b>(358.73)</b>	<b>(322.19)</b>	(340.08)
Office Equipments	1,811.54	606.79	-	9.96	-	<b>2,408.37</b>	1,522.86	-	169.23	9.46	-	<b>1,682.63</b>	<b>725.74</b>	288.68
	(1,752.08)	(71.19)	-	(11.73)	-	<b>(1,811.54)</b>	(1,384.47)	-	(149.42)	(11.03)	-	<b>(1,522.86)</b>	<b>(288.68)</b>	(367.61)
Total	<b>70,251.76</b>	<b>3,442.52</b>	<b>43.69</b>	<b>130.02</b>	<b>48.71</b>	<b>73,559.24</b>	<b>40,321.60</b>	<b>33.47</b>	<b>4,306.10</b>	<b>92.71</b>	<b>19.47</b>	<b>44,548.99</b>	<b>29,010.25</b>	<b>29,930.16</b>
	(67,060.53)	(3,451.96)	-	(260.73)	-	<b>(70,251.76)</b>	(36,413.64)	-	(4,120.07)	(212.11)	-	<b>(40,321.60)</b>	<b>(29,930.16)</b>	(30,646.89)

Figures in brackets represent amounts pertaining to previous year.

- Land, buildings and plant & equipment transferred under the Scheme of Amalgamation during the year 2006-07 were revalued as at 31<sup>st</sup> August 1985 and as at 31<sup>st</sup> March 1995. The revaluation in respect of factory, service buildings and plant and equipment was further updated as at 31<sup>st</sup> March 1998 based on current replacement cost by a valuer and as a result, book value of the said assets had been increased by ₹ 2990.53 lacs.
- Plant and equipment includes certain equipment ₹ 10,200 lacs (Previous year ₹ 10,200 lacs) given on lease (Refer Note No. 42).

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

### 3 Right to use assets

Particulars	Gross Value				Depreciation				Net Value		
	As at 1/04/2021	Addi- tions	Sales/ Adjustments	As at 31/03/2022	As at 1/04/2021	For the year	Sales/ Adjustments	As at 31/03/2022	As at 31/03/2022	As at 31/03/2021	
Right to use assets	801.97	1,064.52	226.72	<b>1,639.77</b>	406.39	218.67	226.04	<b>399.02</b>	<b>1,240.75</b>	395.58	
	(689.72)	(121.06)	(8.81)	(801.97)	(197.70)	(210.51)	(1.82)	(406.39)	(395.58)	(492.02)	
Total	<b>801.97</b>	1,064.52	226.72	<b>1,639.77</b>	406.39	218.67	226.04	<b>399.02</b>	<b>1,240.75</b>	395.58	
	(689.72)	(121.06)	(8.81)	(801.97)	(197.70)	(210.51)	(1.82)	(406.39)	(395.58)	(492.02)	

Figures in brackets represent amounts pertaining to previous year.

### 4 Capital Work-In-Progress

	As at 31.03.2022	As at 31.03.2021
Capital Work-In-Progress	2,889.64	2,871.91
	<b>2,889.64</b>	2,871.91

#### Capital Work-In-Progress ageing schedule

Particulars	Amount in CWIP for a period of				Total
	Less than 1 Year	1 - 2 years	2 - 3 years	More than 3 years	
<b>As at March 31, 2022</b>					
Projects in Progress	1,509.39	1,186.04	129.00	65.21	2,889.64
Projects temporarily suspended	-	-	-	-	-
<b>As at March 31, 2021</b>					
Projects in Progress	2,277.39	524.57	38.68	31.27	2,871.91
Projects temporarily suspended	-	-	-	-	-

## NON CURRENT ASSETS

### 5 Investment Property

Particulars	Gross Value						Depreciation					Net Value		
	As at 01/04/2021	Addi- tions	Trans- fer from Property plant and equip- ment	Sales/ Adjus- ments	Trans- fer to Property plant and equip- ment	As at 31/03/2022	As at 01/04/2021	Trans- fer from Property plant and equip- ment	For the year	Sales/ Adjus- ments	Trans- fer to Property plant and equip- ment	As at 31/03/2022	As at 31/03/2022	As at 31/03/2021
Land - Free hold	5.75	-	-	-	5.75	-	-	-	-	-	-	-	-	5.75
	(5.75)	-	-	-	(5.75)	-	-	-	-	-	-	-	(5.75)	(5.75)
Buildings	37.94	-	48.71	-	37.94	48.71	33.41	19.47	0.62	-	33.47	20.03	28.68	4.53
	(37.94)	-	-	-	(37.94)	(33.29)	(33.29)	(0.12)	-	-	(33.41)	(33.41)	(4.53)	(4.65)
Total	<b>43.69</b>	-	<b>48.71</b>	-	<b>43.69</b>	<b>48.71</b>	<b>33.41</b>	<b>19.47</b>	<b>0.62</b>	-	<b>33.47</b>	<b>20.03</b>	<b>28.68</b>	<b>10.28</b>
	(43.69)	-	-	-	(43.69)	(33.29)	(33.29)	(0.12)	-	-	(33.41)	(33.41)	(10.28)	(10.40)

Figures in brackets represent amounts pertaining to previous year.

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

### 6 Intangible assets

Particulars	Gross Value				Amortisation			Net Value		
	As at 1/04/2021	Additions	Sales/ Adjust- ments	As at 31/03/2022	As at 1/04/2021	For the year	Sales/ Adjust- ments	As at 31/03/2022	As at 31/03/2022	As at 31/03/2021
Software	833.29 (816.06)	49.99 (20.31)	7.07 (3.08)	<b>876.21</b> (833.29)	718.38 (680.86)	37.17 (40.60)	6.72 (3.08)	<b>748.83</b> (718.38)	<b>127.38</b> (114.91)	114.91 (135.20)
Trade mark License	501.35 (501.35)	- -	- -	<b>501.35</b> (501.35)	500.89 (500.89)	- -	- -	<b>500.89</b> (500.89)	<b>0.46</b> (0.46)	0.46 (0.46)
Total	1,334.64 (1,317.41)	49.99 (20.31)	7.07 (3.08)	<b>1,377.56</b> (1,334.64)	1,219.27 (1,181.75)	37.17 (40.60)	6.72 (3.08)	<b>1,249.72</b> (1,219.27)	<b>127.84</b> (115.37)	115.37 (135.66)

Figures in brackets represent amounts pertaining to previous year.

### 6A Intangible assets under development

	As at 31.03.2022	As at 31.03.2021
Intangible assets under development	-	4.18
	<b>-</b>	<b>4.18</b>

### Intangible assets under development ageing schedule

Particulars	Amount in intangible asset under development for a period of				Total
	Less than 1 Year	1 - 2 years	2 - 3 years	More than 3 years	
<b>As at March 31, 2022</b>					
Projects in Progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
<b>As at March 31, 2021</b>					
Projects in Progress	1.34	-	2.12	0.72	4.18
Projects temporarily suspended	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 7 Financial Assets - Investments [Non - Current (Other than trade)]

₹ in Lacs

Particulars	As at 31.03.2022		As at 31.03.2021	
	Numbers	Amount	Numbers	Amount
<b>Investment in Equity shares</b>				
<b>Subsidiary companies (At cost)</b>				
Southern Spinners and Processors Ltd. (₹ 10 each)	50,50,000	2,055.00	50,50,000	2,055.00
Modern Cotton Yarn Spinners Ltd. (₹ 10 each)	30,50,000	1,555.00	30,50,000	1,555.00
Acorn Engineering Ltd. (₹ 10 each)	50,500	5.05	50,500	5.05
Divyashree Company Private Ltd (₹ 10 each)	7,123	8,016.70	7,123	8,016.70
JKF Americas, Inc.(US \$ 1 each)	1,000	0.73	1,000	0.73
<b>Associate Company (At cost)</b>				
Dwarkesh Energy Ltd. (₹ 10 each)	2,74,940	27.49	2,74,940	27.49
PSV Energy Pvt. Ltd. (₹ 10 each)	52,000	5.20	52,000	5.20
Gram Power Infrastructure Pvt Ltd (₹ 10 each)	2,600	0.14	-	-
<b>Others (At fair value through OCI)</b>				
CliniRx Research Pvt. Ltd. (₹ 10 each)	10,00,000	110.97	10,00,000	110.97
<b>Others (At cost)*</b>				
Madura Coats Workers' Co-operative Stores Ltd. (₹ 10 each)	15,790	0.16	15,790	0.16
Hari Shankar Singhania Elastomer and Tyre Research Institute (₹ 100 each)	10	0.01	10	0.01
The Madurai District Pandian Consumers' Co-operative Wholesale Stores Ltd. 'A' Class Share (₹ 50 each)	1	-	1	-
<b>Investment in preference shares (At fair value through P &amp; L)</b>				
Dwarkesh Energy Ltd.(7% Optionally Convertible Cumulative Redeemable Preference Shares, fully paid up) (₹ 100 each)	11,00,000	1,208.66	11,00,000	1,208.66
<b>Investment in preference shares (At Cost)</b>				
HSS Holdings Private Ltd (1% Cumulative Redeemable Preference Shares) (₹ 100 each)	45,00,000	4,500.00	70,00,000	7,000.00
CliniRx Research Pvt. Ltd (8% Optionally Convertible Cumulative Redeemable Preference Shares) (₹ 10 each)	15,00,000	150.00	15,00,000	150.00
<b>Investment in Other funds (At fair value through P &amp; L)</b>				
Class AI-T units of UTI Structured Debt Opportunities Fund II		57,70,052		59.65
		17,694.76		20,134.97
<b>Aggregate amount of quoted investments</b>		-		-
<b>Market value of quoted investments</b>		-		-
<b>Aggregate market value of unquoted investments</b>		17,694.76		20,134.97
<b>Aggregate book value of unquoted investments</b>		17,695.11		20,134.97
<b>Aggregate provision for impairment in value of investments</b>		-		-

Pursuant to the Scheme of Amalgamation, 180589 (Previous year 180589) Shares of Bengal & Assam Company Ltd (BACL) are held in the name of a Trustee on behalf of the Company, being Subsidiary of BACL against their holding in Netflix Finco Ltd. Accordingly, the amount against the said shares is shown under Other Financial Asset (Non Current) ₹ 4256.39 lacs. (Previous year ₹ 2480.75 lacs).

\*Refer Note No. 63

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

	As at 31.03.2022	As at 31.03.2021
<b>8 Loans (Non-Current)</b>		
(Unsecured, considered good)		
Loans to related party (Refer Note No. 65)	<b>11,500.00</b>	15,000.00
	<b>11,500.00</b>	15,000.00

<b>9 Other Financial Assets (Non-Current)</b>		
Security deposits	<b>400.38</b>	409.06
Other receivables	<b>4,256.39</b>	2,480.75
	<b>4,656.77</b>	2,889.81

<b>10 Other Non - Current Assets</b>		
Capital advances	<b>784.87</b>	532.45
Balances with Government Authorities	<b>11.62</b>	13.26
Others	<b>201.65</b>	171.53
	<b>998.14</b>	717.24

<b>11 Inventories (Valued at lower of cost or net realisable value)</b>		
Raw materials*	<b>7,669.86</b>	3,702.71
Work-in-progress	<b>1,192.79</b>	939.66
Finished goods **	<b>5,651.68</b>	5,778.60
Stock -in -trade	<b>2,147.45</b>	1,017.69
Stores and spares	<b>867.41</b>	482.92
	<b>17,529.19</b>	11,921.58

\*Includes raw materials in transit ₹ 315.01 lacs (Previous year: ₹ 890.72 lacs)

\*\*Includes finished goods in transit ₹ 231.03 lacs (Previous year: ₹ 702.03 lacs).

<b>12 Current Investments</b>		
Investments in Mutual Funds (Quoted) (At fair value through Profit and Loss)		
Investments in Mutual Fund	<b>604.82</b>	836.27
Aggregate market value of quoted investments	<b>604.82</b>	836.27
Aggregate book value of quoted investments	<b>604.82</b>	836.27
Aggregate cost of quoted investments	<b>599.97</b>	821.75

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

	As at 31.03.2022	As at 31.03.2021
<b>13 Trade Receivables</b>		
Considered good - Undisputed		
Secured	1,537.52	1,387.61
Unsecured	20,746.98	11,625.24
Unsecured which have significant increase in credit risk	-	-
Credit Impaired	-	-
<b>Total</b>	<b>22,284.50</b>	13,012.85
Less : Allowance for expected credit loss	-	-
	<b>22,284.50</b>	13,012.85

### Trade receivables ageing schedule

Particulars	Not due	Outstanding for the following period from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 31, 2022</b>							
<b>Considered good - Undisputed</b>							
Secured	1,226.33	292.53	15.92	2.68	0.06	-	1,537.52
Unsecured	18,248.63	2,351.37	109.57	28.62	8.79	-	20,746.98
Unsecured which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
<b>Total</b>	19,474.96	2,643.90	125.49	31.30	8.85	-	22,284.50
<b>As at March 31, 2021</b>							
<b>Considered good - Undisputed</b>							
Secured	1,128.92	250.34	3.74	2.73	-	1.88	1,387.61
Unsecured	9,474.63	2,101.42	25.79	19.79	3.02	0.59	11,625.24
Unsecured which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
<b>Total</b>	10,603.55	2,351.76	29.53	22.52	3.02	2.47	13,012.85

	As at 31.03.2022	As at 31.03.2021
<b>14 Cash and cash equivalents</b>		
Balances with banks		
Current accounts	576.05	626.40
Fixed Deposits with original maturity of 3 months or less	5,600.00	3,690.00
Cash on hand	7.56	2.58
	<b>6,183.61</b>	4,318.98

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

	As at 31.03.2022	As at 31.03.2021
<b>15 Other bank balances</b>		
Fixed Deposits (Deposit repayment reserve)	331.42	272.21
Fixed Deposits with original maturity of more than 3 months but maturing within 12 months	4,602.00	4,930.00
Margin money deposit against bank guarantee	284.57	259.85
	<b>5,217.99</b>	5,462.06

### 16 Loans (Current)

(Unsecured, considered good)

Loans to related party (Refer Note No. 65)	-	2,650.00
	-	2,650.00

### 17 Other financial assets

Security Deposits	18.81	16.25
Advance to Employees	46.47	0.06
Other receivables	902.35	698.00
	<b>967.63</b>	714.31

### 18 Current tax assets (Net)

Advance income-tax (Net of Provision ₹ 9206.86 lacs (Previous year: ₹ 8481.54 lacs))	4,268.43	4,182.27
	<b>4,268.43</b>	4,182.27

### 19 Other Current Assets

Balances with Government Authorities	3,507.38	2,483.35
Export benefit receivable	465.07	530.94
Other advances	842.30	429.87
	<b>4,814.75</b>	3,444.16

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31.03.2022	As at 31.03.2021
<b>20 Share capital</b>		
<b>a) Authorised:</b>		
Equity Shares - 1,00,00,000 (Previous year 1,00,00,000) equity shares of ₹ 10 each	1,000.00	1,000.00
Preference Shares - 80,00,000 (Previous year 80,00,000) preference shares of ₹ 100 each	8,000.00	8,000.00
	<b>9,000.00</b>	9,000.00
<b>b) Issued, Subscribed and fully paid up:</b>		
Equity Shares - 24,83,066 of ₹ 10 each		
Balance at the beginning of the year	248.31	248.31
Changes in equity share capital during the year	-	-
Balance at the end of the year	<b>248.31</b>	248.31
Aggregate number of equity shares allotted to shareholders as fully paid up pursuant to Scheme of amalgamation on 7 <sup>th</sup> November 2007 without payment being received in cash (Nos)	<b>23,13,000</b>	23,13,000
Above includes shares allotted to holding company (Nos)	<b>20,97,522</b>	20,97,522
<b>c) Reconciliation of the number of equity shares outstanding:</b>		
Shares outstanding as at the beginning of the year	24,83,066	24,83,066
Add : Issued during the year	-	-
Less : Redeemed during the year	-	-
Shares outstanding as at the end of the year	<b>24,83,066</b>	24,83,066

**d) Details of each shareholder holding more than 5% equity shares**

Name of the shareholder	As at 31.03.2022		As at 31.03.2021	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Equity shares of ₹ 10 each fully paid				
Bengal & Assam Company Limited - Holding Company	21,89,580	88.18%	21,89,580	88.18%
Henry F. Cockill & Sons Ltd. U.K	1,54,200	6.21%	1,54,200	6.21%

**e) Shareholding of promoters**

Promoter Name	No of Shares	% of Total Shares held	% change during the period
Bengal & Assam Company Limited - March 31, 2022	21,89,580	88.18%	-
- March 31, 2021	21,89,580	88.18%	-

**f) Rights and preferences attached to the equity shares**

- i. The Company has only one class of Equity Shares having face value of ₹ 10 each and each shareholder is entitled to one vote per share.
- ii. In the event of liquidation of the Company, the holders 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.
- iii. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

**g) Reconciliation of the number of preference shares outstanding:**

	2021-2022	2020-2021
Shares outstanding as at the beginning of the year	70,00,000	70,00,000
Add : Issued during the year	-	-
Less : Redeemed during the year	25,00,000	-
Shares outstanding as at the end of the year	<b>45,00,000</b>	70,00,000

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

### h) Details of each shareholder holding more than 5% preference shares

Name of the shareholder	As at 31.03.2022		As at 31.03.2021	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Preference shares of ₹ 100 each fully paid				
JK Tyre and Industries Ltd.	45,00,000	100%	70,00,000	100%

- Preference share holders have priority over equity shares in payment of Dividend and in repayment of capital.
- Preference share shall be redeemed at premium of 4%.
- Each holder of preference share is entitled to one vote per share, in proportion to the amount paid on preference share held, only on resolutions placed before the company which directly affects the rights attached to preference shares.

Aggregate number of share issued for consideration other than cash, bonus shares issued and share bought back during the

- period of five years immediately preceding the reporting date - NIL

### NON-CURRENT LIABILITIES

#### 21 Financial Liabilities - Borrowings

Particulars	Non - Current		Current *	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
<b>Secured Loans</b>				
Term loans				
Banks	<b>9,536.68</b>	7,853.00	<b>1,914.32</b>	2,642.00
<b>Unsecured</b>				
Banks	-	514.35	<b>427.38</b>	286.78
Fixed Deposits	<b>563.40</b>	1,977.35	<b>1,398.40</b>	1,434.30
1% Cumulative Redeemable Preference Shares	<b>4,500.00</b>	7,000.00	-	-
	<b>14,600.08</b>	17,344.70	<b>3,740.10</b>	4,363.08

\* Payable during next 12 months

- Term loan of ₹ 6097.22 lacs (Previous year ₹ 7614.21 lacs) from a bank is secured by way of first charge on certain specified movable and immovable fixed assets of the company, balance amount repayable in 8 Half yearly equal instalments.
- Term loan of ₹ NIL (Previous year ₹ 833.76 lacs) from a bank is secured by way of first charge on certain specified movable fixed assets of the company.
- Term loan of ₹ 1260.25 lacs (Previous year ₹ 1547.12) from a bank is secured by way of 50% of first charge on certain specified movable fixed assets of the company, balance amount repayable in 14 equal quarterly instalments.
- Term loan of ₹ 4093.53 lacs (Previous year ₹ 499.91 lacs) from a bank is secured by way of first charge on certain specified movable fixed assets of the company, balance amount repayable (after moratorium period of 12 months) in 14 half yearly unequal installments starting from September 2022.
- Unsecured loans from banks include Buyer's credit of ₹ 427.38 lacs are payable in 2022-23. (Previous year ₹ 801.13 lacs).
- Fixed Deposit of ₹ 1398.40 lacs and ₹ 563.40 lacs aggregating ₹ 1961.80 lacs are due for repayment in 2022-23 and 2023-24 respectively.
- During the year 2017-18, cumulative redeemable preference shares were issued at par value of ₹ 100 per share redeemable in five equal installments alongwith 4% premium on redemption including coupon rate (1%) at the end of each of 6/7/8/9/10<sup>th</sup> year, i.e., from the date of allotment 26<sup>th</sup> April 2017. During the year, the Company has redeemed 25,00,000 cumulative redeemable preference shares of ₹ 100 each at 4% premium i.e., ₹ 2863.12 lacs and ₹ 2500 lacs (nominal amount) was transferred to capital redemption reserve.

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

	<b>As at 31.03.2022</b>	As at 31.03.2021
<b>22 Other financial liabilities</b>		
Trade deposits	<b>2,348.30</b>	1,929.04
Deferred payment liabilities	<b>1,790.43</b>	2,610.43
Others	<b>93.14</b>	95.12
	<b>4,231.87</b>	4,634.59

### 23 Non-Current Provisions

Provision for employee benefits		
Leave Encashment	<b>518.14</b>	594.02
	<b>518.14</b>	594.02

### 24 Deferred tax liabilities (Net)

Deferred tax liabilities:		
Property, Plant and Equipment and Others	<b>2,453.54</b>	1,637.37
Deferred tax assets:		
Expenses / Provision Allowable	<b>(606.74)</b>	(261.09)
	<b>1,846.80</b>	1,376.28

### 25 Other Non - Current liabilities

Other liabilities	<b>677.04</b>	672.19
	<b>677.04</b>	672.19

### 26 Financial Liabilities - Borrowings

<b>i) Short term borrowings</b>		
Secured		
Working capital borrowings from banks	<b>4,046.89</b>	220.30
Unsecured		
a) Banks	-	1,198.65
b) Fixed deposits	-	151.95
<b>ii) Current maturities of long term debt</b>		
Secured		
Term loans - Banks	<b>1,914.32</b>	2,642.00
Unsecured		
a) Banks	<b>427.38</b>	286.78
b) Fixed deposits	<b>1,398.40</b>	1,434.30
	<b>7,786.99</b>	5,933.98

- a) Working Capital borrowings from banks is secured by hypothecation and by first charge on stocks and book debts, etc., both present & future and by second charge on the immovable assets of the Company, on pari passu basis with other banks. Buyer's credit ₹ 2909.98 lacs (Previous year Nil) is secured by subservient charge on current assets.
- b) Unsecured loans from banks include Buyer's credit outstanding Nil. (Previous year ₹ 1198.65 lacs).
- c) The periodical returns/ statement filed by the Company with respect to working capital taken from banks on the basis of security of current assets, are in agreement with books of accounts.

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

	As at 31.03.2022	As at 31.03.2021
<b>27 Financial Liabilities - Trade payables</b> (Refer Note no 43)		
Micro and Small Enterprises	<b>3,079.10</b>	1,969.73
Other payables	<b>5,769.76</b>	7,152.89
	<b>8,848.86</b>	9,122.62

### Trade payables ageing schedule

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 31, 2022</b>						
MSME	3,249.52	-	-	-	-	3,249.52
Others	4,155.82	1,312.97	24.93	47.81	57.81	5,599.34
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>7,405.34</b>	<b>1,312.97</b>	<b>24.93</b>	<b>47.81</b>	<b>57.81</b>	<b>8,848.86</b>
<b>As at March 31, 2021</b>						
MSME	2,318.84	-	-	-	-	2,318.84
Others	4,506.26	2,057.96	141.30	28.23	70.03	6,803.78
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>6,825.10</b>	<b>2,057.96</b>	<b>141.30</b>	<b>28.23</b>	<b>70.03</b>	<b>9,122.62</b>

### 28 Financial Liabilities - Others

<b>Deferred payment liabilities</b>	<b>820.00</b>	780.00
<b>Employee payables</b>	<b>3,525.08</b>	2,681.93
Capital payables	<b>1,033.43</b>	908.38
<b>Unclaimed fixed deposits and interest accrued thereon*</b>	<b>3.79</b>	6.08
Interest accrued and due on deposits	<b>20.47</b>	19.30
Interest accrued but not due on borrowings	<b>89.76</b>	120.45
	<b>5,492.53</b>	4,516.14

\*Investor Education & Protection Fund will be credited as and when due

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

	As at 31.03.2022	As at 31.03.2021
<b>29 Other Current liabilities</b>		
Government and other statutory dues	1,566.95	1,292.86
Advance from customers	337.78	288.71
Other payables	5,187.38	4,150.77
	<b>7,092.11</b>	5,732.34

<b>30 Current Provisions</b>		
Provision for employee benefits		
Gratuity	-	256.13
Leave encashment	81.22	19.26
	<b>81.22</b>	275.39

<b>31 Revenue from Operations</b>		
Sale of products	1,05,108.73	78,026.81
Less : Inter division transfer	(775.07)	(816.72)
	<b>1,04,333.66</b>	77,210.09
Other operating revenues	726.04	648.25
	<b>1,05,059.70</b>	77,858.34

<b>32 Other Income</b>		
Interest income from short-term deposits and loans	1,563.45	1,771.31
Fair value changes in preference shares	-	119.78
Dividend income from long term investments	13.54	-
Profit on sale of short term investments	21.66	30.51
Fair Value gain on mutual fund investments	4.85	14.52
Profit on sale of Property Plant & Equipment	-	2.77
Other non operating income		
Lease rent	1,656.13	1,732.12
Provision for Doubtful debts written back	-	97.60
Others	492.28	346.60
	<b>3,751.91</b>	4,115.21

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

	As at 31.03.2021	As at 31.03.2020
<b>33 Changes in inventory of finished goods and work-in-progress</b>		
Opening stock		
Finished goods	5,778.59	7,508.25
Work-in-progress	939.67	556.42
Stock-in-trade (Engineering and other miscellaneous products)	1,017.69	913.35
	<b>7,735.95</b>	8,978.02
Closing stock		
Finished goods	5,651.67	5,778.59
Work in progress	1,192.79	939.67
Stock-in-trade (Engineering and other miscellaneous products)	2,147.45	1,017.69
	<b>8,991.91</b>	7,735.95
Net (Increase)/Decrease in Stocks	<b>(1,255.96)</b>	1,242.07
<b>34 Employee benefit expenses</b>		
Salaries and Wages	13,102.54	11,929.06
Employees' welfare & other Benefits	713.44	533.92
Contribution to Provident and other Funds	627.35	581.85
	<b>14,443.33</b>	13,044.83
<b>35 Finance costs</b>		
Interest Expenses		
Borrowings	1,330.79	1,659.68
Lease liabilities	119.97	48.56
Premium paid on redemption of preference share capital	363.12	-
Less: Premium received on redemption of Investment in preference shares	(359.62)	-
Other Borrowing Costs	87.82	78.32
Net (Gain) / Loss on Foreign Currency transactions	(65.13)	(104.82)
	<b>1,476.95</b>	1,681.74
<b>36 Depreciation and amortization expenses</b>		
Depreciation on Tangible Assets	4,306.72	4,120.19
Depreciation on Right to use asset	218.67	210.51
Amortization of Intangible assets	37.17	40.60
	<b>4,562.56</b>	4,371.30

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

	As at 31.03.2021	As at 31.03.2020
<b>37 Other expenses</b>		
Power & Fuel	<b>4,055.98</b>	2,730.60
Less : Inter division transfer	<b>(775.07)</b>	(816.72)
	<b>3,280.91</b>	1,913.88
Consumption of stores and Spares	<b>4,365.63</b>	2,990.74
Repairs to Machinery	<b>1,426.05</b>	1,034.99
Repairs to Buildings	<b>567.04</b>	157.42
Rent	<b>127.89</b>	142.65
Rates & taxes	<b>134.60</b>	157.41
Freight & Transportation	<b>3,591.43</b>	2,091.51
Insurance	<b>256.16</b>	241.48
Professional Charges	<b>2,044.03</b>	1,580.03
Corporate Social Responsibility Expenses	<b>220.59</b>	208.19
Warehouse Expenses	<b>1,231.41</b>	1,942.68
Reversal of fair value gain on mutual fund investments	<b>14.52</b>	-
Fair value loss on non current investment	<b>0.35</b>	-
Travelling expenses	<b>1,160.83</b>	786.71
Bad Debts written off	<b>15.79</b>	173.55
Loss on assets sold / scrapped (Net)	<b>1.44</b>	-
Miscellaneous Expenses	<b>3,344.12</b>	2,573.23
	<b>21,782.79</b>	15,994.47

**38** Capital commitments (Net of advances) ₹ 4682.08 lacs (Previous year ₹ 2344.28 lacs) and other commitments ₹ 240.00 lacs (Previous year Nil).

**39** Contingent liabilities in respect of claims not accepted and not provided for is ₹ 837.97 lacs (Previous year ₹ 660.44 lacs). Details thereof are, Excise duty matters in appeal ₹ 79.25 lacs, Service tax matters in appeal ₹ 31.13 lacs, Sales tax matter in appeal ₹ Nil, Income tax matters in appeal ₹ 189.03 and other matters ₹ 538.56 lacs (Previous year: ₹ 79.25 lacs, ₹ 31.13 lacs, ₹ 46.52 lacs ₹ Nil & ₹ 503.54 lacs respectively).

**40** Expenditure on In-house Research and Development (R&D) activities during the year.

	2021-2022	2020-2021
Revenue expenditure (included in respective revenue accounts)	<b>1,216.20</b>	1,079.19
Capital expenditure (except land and building)	<b>29.99</b>	8.94
<b>Total</b>	<b>1,246.19</b>	1,088.13

## NOTES TO THE FINANCIAL STATEMENTS

**41** Forward contracts for hedging receivables ₹ 3314.40 lacs - USD 42.50 lacs (Previous year ₹ 497.75 lacs - USD 6.50 lacs), ₹ 665.20 lacs - EUR 7.50 lacs (Previous year Nil) . Forward contracts for hedging payables ₹ 819.25 lacs - USD 10.63 lacs (Previous year Nil). Options for hedging payables ₹ 218.55 lacs - USD 2.87 lacs (Previous year Nil). Unhedged Foreign currency exposure:

- (USD) Net receivable ₹ 1315.83 lacs - USD 17.36 lacs, (Previous year net payable ₹ 1093.81 lacs - USD 14.96 lacs),
- (EURO) Net receivable ₹ 627.71 lacs - Euro 7.45 lacs (Previous Year Net receivable ₹ 727.13 lacs - Euro 8.48 lacs),
- (GBP) Net receivable ₹ 50.45 lacs - GBP 0.50 lacs (Previous year net receivable ₹ 4.16 lacs - GBP 0.04 lacs).

**42** The Company has given certain specified Property, plant and equipment on operating lease basis which is cancelable at the option of lessee.

**43** The details of amounts outstanding under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent of information available with the Company are as under: (i) Principal & Interest amount due and remaining unpaid as at 31.03.2022: Nil (Previous year: Nil), (ii) Payment made beyond the appointed day during the year: Nil (Previous year: Nil) and (iii) Interest Accrued and unpaid as at 31.03.2022: Nil (Previous year: Nil).

**44** Details of expenditure on Corporate Social Responsibility Activities as per Section 135 of Companies Act, 2013 read with Schedule III are as below.

	₹ in Lacs	
	2021-2022	2020-2021
Gross amount required to be spent by the Company during the year	<b>218.50</b>	208.00
Amount spent during the year		
Promotion of Education	<b>7.88</b>	3.75
Health Care	<b>63.29</b>	168.66
Livelihood / Skill Development	<b>132.36</b>	34.81
Others	<b>17.06</b>	0.97
Total amount spent by the Company during the year	<b>220.59</b>	208.19

As on 31<sup>st</sup> March 2022, amount of ₹ Nil (Previous year ₹ Nil) is pending for utilisation by the Company.

**45** Other receivable includes Nil lacs (Previous year Nil lacs) receivable from related party and Deferred payment liability includes ₹ 2610.43 lacs (Previous year ₹ 3390.43 lacs) payable to related party.

**46** Deferred payment liabilities represent amount payable against certain property, plant and equipment.

**47** The Company has not provided diminution in the value of certain long term strategic investments, since in the opinion of the Board, such diminution in their value is temporary in nature, considering the inherent value, nature of investment, the investees assets and expected future cash flow from such investments.

**48** **Payment to auditors (exclusive of applicable taxes)** ₹ in Lacs

	2021-2022	2020-2021
Statutory Auditors		
a) Audit fee	<b>9.00</b>	9.00
b) Taxation	<b>1.50</b>	1.50
c) Certificates / other services	<b>1.20</b>	0.75
d) Reimbursement of expenses	<b>0.48</b>	1.13
Total	<b>12.18</b>	12.38

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

	2021-2022	2020-2021
<b>49 Earnings per share</b>		
Profit for the year attributable to Equity Shareholders	<b>9,562.61</b>	6,595.75
Weighted average number of Equity Shares for Basic / Diluted EPS	<b>24,83,066</b>	24,83,066
Earnings per share of ₹ 10 each		
- Basic / Diluted	<b>₹ 385.11</b>	265.63

### 50 Operating Segments

(i) Information about Business Segment		
Company operates in a Single Primary Segment ( Business Segment ) i.e. Polymer.		
(ii) Secondary Segments (Geographical Segment)		
Revenue		
Within India	<b>83,310.52</b>	66,234.54
Outside India	<b>25,501.09</b>	15,739.01
Total	<b>1,08,811.61</b>	81,973.55

All non current assets of the Company are located in India.

No Customers have revenues exceeding 10% of total revenue.

### 51 Dividends

The following dividends were declared and paid by the company during the year:		
For the year ended March 31, 2022: ₹ 60 per share ( ₹ 40 per share for FY 2021-22 as Interim dividend and ₹ 20 per share for FY 2020-21) (March 31, 2021: ₹ 30 per share as final dividend).	<b>1,489.84</b>	744.92
Total	<b>1,489.84</b>	744.92
The following dividends were proposed by the board of directors in their meeting subject to approval of shareholders at the Annual General Meeting and are not recognised as a liability.		
For the year ended March 31, 2022: ₹ 25 per share (March 31, 2021: ₹ 20 per Share for FY 2020-21)	<b>620.77</b>	496.61
Total	<b>620.77</b>	496.61

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

**52** The Company has adopted Ind AS 116 "Leases" effective 1<sup>st</sup> April 2019 as notified by the Ministry of Corporate Affairs (MCA) and applied the Standard to using the simplified approach. This has resulted in recognising right-of-use assets and corresponding lease liabilities.

1. Refer Note 3 for changes in the carrying value of right of use assets for the year ended March 31, 2022.
2. The following is the break-up of current and non-current lease liabilities as at March 31, 2022.

	31.03.2022	31.03.2021
Current Lease liabilities	<b>209.44</b>	97.96
Non-current lease liabilities	<b>1,142.47</b>	335.64
Total	<b>1,351.91</b>	433.60
3. The following is the movement in lease liabilities during the year ended March 31, 2022.		
Balance at the beginning	<b>433.60</b>	521.34
Additions during the year	<b>1,064.52</b>	121.06
Deletions during the year	<b>(0.69)</b>	(7.00)
Finance cost accrued during the period	<b>119.97</b>	48.56
Payment of lease liabilities	<b>(265.49)</b>	(250.36)
Balance at the end	<b>1,351.91</b>	433.60
4. The below table provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis:		
Not later than one year	<b>317.09</b>	132.78
Later than one year and not later than five years	<b>907.06</b>	331.20
Later than five years	<b>640.86</b>	81.39
5. The amount recognised in the profit and loss during the year:		
Depreciation on Right to use asset	<b>218.67</b>	210.51
Interest on Lease liabilities	<b>119.97</b>	48.56
	<b>338.64</b>	259.07

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

### 53 Income Tax

	31.03.2022	31.03.2021
(A) Amounts recognised in Statement of Profit and Loss		
Current Tax	<b>4,008.50</b>	2,914.80
Deferred Tax		
Relating to origination and reversal of temporary differences	<b>56.75</b>	(90.03)
Income tax expense reported in the Statement of Profit and Loss	<b>4,065.25</b>	2,824.77
(B) Income Tax recognised in Other Comprehensive Income		
Current Income tax on Re-measurement Losses on Defined Benefit Plans	<b>(413.77)</b>	89.11
Total	<b>(413.77)</b>	89.11
(C) Reconciliation of Effective Tax Rate		
Particulars		
Accounting Profit before Income Tax	<b>13,627.86</b>	9,420.52
At applicable Statutory Income tax rate @ 25.168%	<b>3,429.86</b>	2,371.14
In House R&D Expenses Contribution u/s 35(1)(ii)	<b>(7.55)</b>	(2.25)
Exempt Income	-	(0.70)
Deferred Tax related to Property, Plant & Equipment	<b>337.54</b>	405.38
Others	<b>305.40</b>	51.20
Reported Income Tax Expense	<b>4,065.25</b>	2,824.77
Effective Tax Rate	<b>29.83%</b>	29.99%

## 54 Employee Benefits

The disclosures required under Ind AS 19 "Employee Benefits" notified in the Companies (Indian Accounting Standards) Rules, 2015 are as given below:

### Defined Benefit Plan

Particulars	Leave Encashment (Non Funded)		Gratuity (Funded)	
	2021-2022	2020-2021	2021-2022	2020-2021
<b>I. Change in the Present Value of Obligation</b>				
Present Value of Defined Benefit Obligation at the beginning of the year	613.28	467.55	1,429.27	1,133.42
Current Service Cost	51.41	67.72	135.15	146.13
Past Service Cost	-	-	-	-
Interest Expense or Cost	34.31	25.52	92.47	73.66
Actuarial (gains) / losses on obligation	120.62	241.41	(236.67)	189.02
Benefit Paid	(220.26)	(188.92)	(146.81)	(112.96)
<b>Present Value of Obligation as at the end</b>	<b>599.36</b>	<b>613.28</b>	<b>1,273.41</b>	<b>1,429.27</b>
<b>II. Change in the Fair Value of Plan Asset</b>				
Fair value of Plan Assets at the beginning of the year	-	-	1,173.23	1,057.94
Investment Income	-	-	85.40	76.29
Employer's Contribution	220.26	188.92	256.14	75.58
Benefits Paid	(220.26)	(188.92)	(146.81)	(112.96)
Return on Plan Asset, excluding amount recognised in net interest Expenses	-	-	(36.63)	76.38
<b>Fair value of Plan Assets as at the end</b>	<b>-</b>	<b>-</b>	<b>1,331.23</b>	<b>1,173.23</b>
<b>III. Expenses recognised in the Statement of Profit &amp; Loss*</b>				
Current Service Cost	51.41	67.72	135.15	146.13
Past Service Cost	-	-	-	-
Net Interest Income / (Cost) on the Net Defined Benefit Liability (Asset)	34.31	25.52	92.47	73.66
<b>Expenses recognised in the Income Statement</b>	<b>85.72</b>	<b>93.24</b>	<b>227.62</b>	<b>219.79</b>
<b>IV. Other Comprehensive income</b>				
Actuarial (gain) / loss on defined benefit obligation	120.62	241.41	(236.67)	189.02
Return on Plan Asset, excluding amount recognised in net interest Expenses	-	-	(36.63)	76.38
Components of Defined Benefit Costs recognised in Other Comprehensive Income	120.62	241.41	(200.04)	112.64
<b>V. Actuarial Assumptions</b>				
Discount Rate	7.09%	6.82%	7.09%	6.82%
Mortality	Indian Assured Lives Mortality (2012-14) Ultimate			
Salary Escalation	5%	5%	5%	5%

\* Included under the head Employee Benefits expense—Refer Note No.34

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

### Leave Encashment (Non Funded)

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18
Present Value of Defined Benefit Obligation	599.36	613.28	467.55	403.87	323.94
Fair Value of Plan Assets	-	-	-	-	-
Surplus / (Deficit)	(599.36)	(613.28)	(467.55)	(403.87)	(323.94)
Experience adjustment on Plan Liabilities (Gain) / Loss	131.66	240.58	62.23	136.80	159.14
Experience adjustment on Plan Assets (Gain) / Loss	-	-	-	-	-

### Gratuity (Funded)

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18
Present Value of Defined Benefit Obligation	1,273.41	1,429.27	1,133.42	1,132.84	1,030.45
Fair Value of Plan Assets	1,331.23	1,173.13	1,057.83	1,006.00	932.46
Surplus / (Deficit)	57.82	(256.14)	(75.59)	(126.84)	(97.99)
Experience adjustment on Plan Liabilities (Gain) / Loss	(208.38)	186.85	(121.04)	39.42	(25.65)
Experience adjustment on Plan Assets (Gain) / Loss	(36.63)	76.38	(16.32)	(3.18)	(6.21)

### Sensitivity Analysis

Leave Encashment (Non Funded)	March 31,2022		March 31,2021	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	642.23	561.92	657.19	574.89
Salary Growth Rate (- / + 1%)	563.57	639.67	576.68	654.45
Attrition Rate (- / + 1% of attrition rates)	595.25	603.06	610.01	616.24

Gratuity (Funded)	March 31,2022		March 31,2021	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	1,388.98	1,173.19	1,548.91	1,324.95
Salary Growth Rate (- / + 1%)	1,177.93	1,381.11	1,329.74	1,540.88
Attrition Rate (- / + 1% of attrition rates)	1,259.41	1,286.36	1,419.64	1,438.22

Sensitivities due to mortality are not material & hence impact of change not calculated.

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

### Maturity profile of Defined Benefit Obligation

Particulars	Leave Encashment		Gratuity	
	2021-22	2020-21	2021-22	2020-21
Within next 1 year	50.15	36.44	136.96	134.16
Between 2 - 5 years	327.10	335.12	441.07	628.00
More than 5 years	144.35	164.74	384.52	372.97

- a) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of assets management, historical results of return on plan assets and the policy for plan assets management.
- b) The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- c) Contributions to Pension Fund (trust) during the 12 months ended 31<sup>st</sup> March, 2022 of ₹ 35.93 lacs (Previous Year: ₹ 41.53 lakhs) has been included under the head Employee Benefits Expense.

### Defined Contribution Plans

Employer's Contributions to Provident and other Funds charged off during the 12 months ended 31<sup>st</sup> March, 2022 of ₹ 449.19 lacs (Previous Year: ₹ 396.82 lakhs) has been included under the head Employee Benefits Expense.

## NOTES TO THE FINANCIAL STATEMENTS

### 55 Related Parties (as certified by the management)

#### (A) Related Parties

- |   |   |
|---|---|
| <p>(i) Holding company</p> <p style="padding-left: 20px;">Bengal &amp; Assam Co. Ltd.</p>   | <p>(iii) Associates</p> <p style="padding-left: 20px;">PSV Energy Pvt. Ltd. (PSVEPL)</p> <p style="padding-left: 20px;">Dwarkesh Energy Ltd. (DEL)</p> <p style="padding-left: 20px;">Gram Power Infrastructure Pvt Ltd (GPI)<br/>(w.e.f. 16<sup>th</sup> July 2021)</p>  |
| <p>(ii) Subsidiary companies</p> <p style="padding-left: 20px;">Southern Spinners and Processors Ltd. (SSPL)</p> <p style="padding-left: 20px;">Modern Cotton Yarn Spinners Ltd. (MCYSL)</p> <p style="padding-left: 20px;">Acorn Engineering Ltd. (AEL)</p> <p style="padding-left: 20px;">Divyashree Company Private Ltd. (DCPL)</p> <p style="padding-left: 20px;">JKF Americas, Inc. (JKFA)(w.e.f. 23rd June, 2020)</p>   | <p>(iv) Fellow subsidiary companies<br/>(With whom Company have transactions during the year)</p> <p style="padding-left: 20px;">JK Tyre &amp; Industries Limited (JKTIL)</p> <p style="padding-left: 20px;">JK Agri Genetics Limited (JKAGL)</p> <p style="padding-left: 20px;">\$Cavendish Industries Limited (Cavendish)<br/>\$(step down fellow subsidiary)</p>                           |
| <p>(v) Key Management Personnel (KMP)</p> <p style="padding-left: 20px;">Dr. Raghupati Singhania</p> <p style="padding-left: 20px;">Shri Vikrampati Singhania</p> <p style="padding-left: 20px;">Shri Nagaraju Srirama</p> <p style="padding-left: 20px;">Shri Harsh Pati Singhania</p> <p style="padding-left: 20px;">Smt. Mamta Singhania</p> <p style="padding-left: 20px;">Shri Surendra Malhotra</p> <p style="padding-left: 20px;">Shri H.V.Lodha</p> <p style="padding-left: 20px;">Shri Bakul Jain</p> <p style="padding-left: 20px;">Shri Rahul Chandrakant Kirloskar</p> <p style="padding-left: 20px;">Shri Amit Agarwal</p> <p style="padding-left: 20px;">Shri R. Vijayaraghavan</p> | <p>Chairman</p> <p>Managing Director</p> <p>President &amp; Director</p> <p>Non-Executive Non-Independent Director</p> <p>Non-Executive Non-Independent Director</p> <p>Independent Director</p> <p>Non-Executive Non-Independent Director</p> <p>Independent Director</p> <p>Independent Director</p> <p>Chief Financial Officer</p> <p>Company Secretary</p>                                |
| <p>(vi) Post Employment Benefit Plan entities (Trust)</p> <p style="padding-left: 20px;">J.K. Fenner Executive Staff Provident Fund</p> <p style="padding-left: 20px;">J.K. Fenner (India) Ltd Gratuity Fund</p> <p style="padding-left: 20px;">J.K. Fenner Executive Staff Pension Fund</p>  | <p>(vii) Other related parties with which Company has transactions</p> <p style="padding-left: 20px;">Hari Shankar Singhania Elastomer and Tyre Research Institute (HASETRI)</p> <p style="padding-left: 20px;">JK Lakshmi Cement Limited (JKLC)</p> <p style="padding-left: 20px;">CliniRx Research Private Limited (CliniRx)</p> <p style="padding-left: 20px;">JK Paper Limited (JKPL)</p> |

## NOTES TO THE FINANCIAL STATEMENTS

### (B) Transactions conducted with related parties in the ordinary course of business :

₹ in Lacs

Nature of transactions	2021-2022	2020-2021
<b>Holding company</b>		
Inter corporate deposit paid / (refund)	(6,150.00)	(1,850.00)
Interest received	1,060.04	1,358.53
<b>Subsidiary companies</b>		
Purchase of goods from MCYSL & SSPL	3,022.48	2,463.81
Sale of goods to MCYSL, SSPL & JKFA	10,994.90	932.20
Other expenses - MCYSL, SSPL, DCPL & JKFA	264.14	88.15
<b>Fellow Subsidiary companies</b>		
Purchase of goods from JKTIL	-	10.78
Sale of goods to JKTIL & Cavendish	3.13	5.80
Rent received from JKTIL & JKAGL	1,653.61	1,732.78
Interest paid to JKTIL	294.38	388.83
Preference Share Dividend paid to JKTIL	59.58	70.00
Repayment of Deferred payment liabilities - JKTIL	780.00	760.00
Redemption of Preference Shares - JKTIL	2,500.00	-
Premium on redemption of preference shares - JKTIL	363.12	-
Other Expenses - JKTIL & JKAGL	103.89	86.84
Other Income - JKAGL & Cavendish	9.63	47.62
<b>Associates</b>		
Purchase of goods from PSVEPL	56.49	49.85
Other Expenses - PSVEPL	10.66	-
Purchase of shares (GPI)	0.14	-
<b>Other related parties</b>		
Purchases from CliniRx	80.55	-
Other Expenses - HASETRI, JKLC & JKPL	39.40	26.69
Rent and Sharing of expenses received from Clinirx	0.60	30.60
<b>Contribution to Trusts</b>	168.58	239.92
<b>Remuneration paid to Key Managerial Personnel</b>		
Short-term Employee Benefits	2,289.23	1,645.57
Post-employment Benefits*		
Other Payments	63.75	63.22

\* As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included above.

	31.03.2022	31.03.2021
<b>(C) Outstanding balances</b>		
<b>Amount receivable / (payable)</b>		
From holding company	11,500.00	17,650.00
To subsidiary companies - SSPL & MCYSL	(175.45)	(188.00)
From subsidiary companies - DCPL* & JKFA	5,979.29	40.52
To Fellow subsidiary companies - JKTIL	(2,608.62)	(3,390.43)
From associates - PSVEPL	(1.76)	0.82
To other related parties - JKLC & JKPL	(18.08)	(2.27)
* includes security deposit of ₹ 36 lacs (previous year ₹ 36 lacs) receivable from DCPL.		

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

### 56 Financial instruments – Fair values and risk management

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

Particulars	As at 31.03.2022		As at 31.03.2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>(i) Financial Assets</b>				
<b>At Amortised cost</b>				
- Trade Receivables	22,284.50	22,284.50	13,012.85	13,012.85
- Loans	11,500.00	11,500.00	17,650.00	17,650.00
- Other financial assets	1,368.01	1,368.01	1,123.37	1,123.37
- Cash & Cash Equivalents	6,183.61	6,183.61	4,318.98	4,318.98
- Other Bank Balances	5,217.99	5,217.99	5,462.06	5,462.06
- Investments	16,315.17	16,315.17	18,815.17	18,815.17
<b>At Fair value through Other Comprehensive Income</b>				
- Other financial assets	4,256.39	4,256.39	2,480.75	2,480.75
- Investments *	111.28	111.28	111.14	111.14
<b>At Fair value through Profit and Loss</b>				
Investments *	1,873.13	1,873.13	2,044.93	2,044.93
<b>Total</b>	<b>69,110.08</b>	<b>69,110.08</b>	<b>65,019.25</b>	<b>65,019.25</b>
<b>(ii) Financial Liabilities</b>				
<b>At Amortised cost</b>				
- Borrowings	22,387.07	22,387.07	23,278.68	23,278.68
- Trade Payables	8,848.86	8,848.86	9,122.62	9,122.62
- Others	11,076.31	11,076.31	9,584.33	9,584.33
<b>Total</b>	<b>42,312.24</b>	<b>42,312.24</b>	<b>41,985.63</b>	<b>41,985.63</b>

\* Refer Note No.63

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

1. Cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. Other non-current receivables are evaluated by the company, based on parameters such as interest rates, individual creditworthiness of the counterparty etc. Based on this evaluation, allowances are considered to account for the expected losses of these receivables. As at end of each reporting year, the carrying amounts of such receivables, net of allowances (if any), are not materially different from their calculated fair values.

## NOTES TO THE FINANCIAL STATEMENTS

- Fair value of investments in quoted equity shares are based on quoted market price at the reporting date. The fair value of unquoted Investments in preference shares are estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities. The fair value of unquoted investments in equity shares are estimated on net assets basis. (Refer Note No.63).
- Fair value of borrowings from banks and other non-current financial liabilities, are estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities.
- Fair value of derivatives are calculated using the appropriate variable parameters.

### Fair Value Hierarchy

All financial assets and liabilities for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows:

“Level 1 - quoted prices in active markets.

Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3 - inputs that are not based on observable market data.”

₹ in Lacs

Particulars	Level 1	Level 2	Level 3
<b>March 31, 2022</b>			
<b>Financial Assets:</b>			
- Quoted Equity Shares	4,256.39	-	-
- Unquoted Equity Shares	-	-	111.14
- Unquoted Preference Shares	-	-	5,858.66
- Other funds	-	59.65	-
- Mutual funds	604.82	-	-
<b>March 31, 2021</b>			
<b>Financial Assets:</b>			
- Quoted Equity Shares	2,480.75	-	-
- Unquoted Equity Shares	-	-	111.14
- Unquoted Preference Shares	-	-	8,358.66
- Mutual funds	836.27	-	-

There has been no transfer among levels 1, 2 and 3 during the year ended March 31, 2022.

57

The fair value of Investment property transferred from Property, plant & equipment to Investment Property as at 31<sup>st</sup> March, 2022 is ₹ 447.48 lacs and fair value of Investment transferred from Investment Property to Property, plant & equipment in previous year was ₹ 4005.52 lacs. The fair value is after considering the rental income from current leases and other assumptions that market participants would use while pricing investment property under current market conditions.

## NOTES TO THE FINANCIAL STATEMENTS

### 58 Financial Risk Management Objectives and Policies

The company's activities are exposed to a variety of financial risks from its operations. The key financial risks include market risk (including foreign currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

**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 market prices. Market risk comprises mainly three types of risk: interest rate risk, currency risk and other price risk such as commodity price risk.

**Foreign Currency Risk:** Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company has obtained foreign currency borrowings and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. After taking cognisance of the natural hedge, the company takes appropriate hedges to mitigate its risk resulting from fluctuations in foreign currency exchange rate(s).

**Foreign currency Sensitivity:** The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate with all other variables held constant. The impact on company's profit before tax due to changes in the currency exchange rate is as follows:

₹ in Lacs

Currency	Change in currency exchange ratio (bps)	Effect on Profit before tax for the year ended 31.03.2022	Effect on Profit before tax for the year ended 31.03.2021
USD	+25	(4.34)	(3.74)
	-25	4.34	3.74
Euro	+25	(1.86)	2.12
	-25	1.86	(2.12)
GBP	+25	0.13	0.01
	-25	(0.13)	(0.01)

**Interest Rate Risk:** Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Any changes in the interest rates environment may impact future rates of borrowing. The Company mitigates this risk by regularly assessing the market scenario, finding appropriate financial instruments, interest rate negotiations with the lenders for ensuring the cost effective method of financing.

**Interest Rate Sensitivity:** The following table demonstrates the sensitivity to a reasonably possible change in interest rates on financial assets affected. With all other variables held constant, the company's profit before tax is affected through the impact on finance cost with respect to our borrowing, as follows:

Particulars	As at 31.03.2022	As at 31.03.2021
Change in Basis Points	+25	+25
Effect on Profit before Tax	(34.85)	(37.39)
Change in Basis Points	-25	-25
Effect on Profit before Tax	34.85	37.39

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

## NOTES TO THE FINANCIAL STATEMENTS

**Commodity Price Risk:** The Company is affected by the price volatility of certain commodities. Its operating activities require the purchase of raw material and manufacturing of belts, oil seals and trading of engineering products including couplings and therefore, requires a continuous supply of certain raw materials such as natural rubber, synthetic rubber, carbon black, fabric, etc. To mitigate the commodity price risk, the Company has an approved supplier base to get best competitive prices for the commodities and to assess the market to manage the cost without any compromise on quality.

**Credit Risk:** Credit risk is the risk that counterparty might not honor its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables).

**Trade Receivables:** Customer credit risk is managed based on company's established policy, procedures and controls. The company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. Credit risk is reduced by receiving pre-payments and export letter of credit to the extent possible. The Company has a well defined sales policy to minimize its risk of credit defaults. Outstanding customer receivables are regularly monitored and assessed. Impairment analysis is performed based on historical data at each reporting date on an individual basis. However a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

**Deposits with Bank:** The deposits with banks constitute mostly the liquid investment of the company and are generally not exposed to credit risk.

**Security Deposits:** The security deposits constitute mostly rental deposits paid by the company and are generally not exposed to credit risk.

**Liquidity Risk:** Liquidity risk is the risk, where the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarises the maturity profile of company's financial liabilities based on contractual undiscounted payments:

₹ in Lacs

Particulars	As at 31.03.2022		As at 31.03.2021	
	Upto 3 years	> 3 years	Upto 3 years	> 3 years
Borrowings	14,594.67	7,792.40	15,481.32	7,797.36
Trade Payables	8,848.86	-	9,122.62	-
Other Financial Liabilities	7,376.10	2,348.30	7,221.69	1,929.04
<b>Total</b>	<b>30,819.63</b>	<b>10,140.70</b>	31,825.63	9,726.40

## NOTES TO THE FINANCIAL STATEMENTS

### 59 Capital Management

The company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders. In order to strengthen the capital base, the company may use appropriate means to enhance or reduce capital, as the case may be.

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net Debt is calculated as borrowings less cash and cash equivalents.

₹ in Lacs

Particulars	As at 31.03.2022	As at 31.03.2021
Borrowings	22,387.07	23,278.68
Less: Cash and cash equivalents	(6,183.61)	(4,318.98)
FDR with original maturity of > 3 months but less than 12 months	(4,602.00)	(4,930.00)
Investments in Mutual Fund	(604.82)	(836.27)
Deposit repayment reserve	(331.42)	(272.21)
<b>Net Debt</b>	<b>10,665.22</b>	12,921.22
Equity Share capital	248.31	248.31
Other Equity	77,241.89	67,727.82
<b>Total Capital</b>	<b>77,490.20</b>	67,976.13
<b>Capital and Net Debt</b>	<b>88,155.42</b>	80,897.35
<b>Gearing Ratio</b>	<b>12.10%</b>	15.97%

### 60 Disclosure as per Ind AS 27 "Separate Financial Statements".

The Company has not prepared the Consolidated Financial Statements by availing the exemption by virtue of Notification 742 (E) dated 27<sup>th</sup> July 2016 issued by Ministry of Corporate Affairs and paragraph 4 (a) of Ind AS 110 "Consolidated Financial Statements" read with General instruction issued in Companies (Indian Accounting Standards) Rules, 2015. Further, Bengal and Assam Company Limited which has been incorporated in India (Holding company) will file Consolidated Financial Statements with the Registrar which are in compliance with the applicable Indian accounting standards.

A list of significant investments in Subsidiaries, associates and joint venture are as follows:

Sl. No	Name	Country of Incorporation	Principal Activities	As at 31.03.2022	As at 31.03.2021
1	Southern Spinners and Processors Ltd.	India	Fabric Manufacturing	100.00%	100.00%
2	Modern Cotton Yarn Spinners Ltd.	India	Fabric Manufacturing	100.00%	100.00%
3	Acorn Engineering Ltd.	India	Operating company	100.00%	100.00%
4	Divyashree Company Private Ltd.	India	Investment company	61.00%	61.00%
5	JKF Americas Inc.	USA	Trading	100.00%	100.00%
6	Dwarkesh Energy Ltd.	India	Power generation	27.49%	27.49%
7	Gram Power Infrastructure Pvt Ltd.	India	Manufacturing of Power generation and distribution equipment	26.00%	-
8	PSV Energy Pvt. Ltd.	India	Wind Power generation	26.00%	26.00%

## NOTES TO THE FINANCIAL STATEMENTS

### 61 Disclosure w.r.t analytical ratios

Sl. No.	Ratio	Numerator	Denominator		31.03.2022	31.3.2021	% variance	Reason for variance
1	Current Ratio	Current Assets	Current Liabilities	Times	2.10	1.81	16%	
2	Debt-Equity Ratio	Total Debt	Shareholder's Equity	Times	0.29	0.34	-16%	
3	Debt Service Coverage Ratio	PAT+Depreciation/ Amortisation +Interest+Loss on sale of PPE+/- IndAS adjustments	Interest + Principal repayments of Current Maturity of Long term borrowings+ Lease payments (due over next one year)	Times	2.45	1.74	41%	Majorly due to improvement in Profitability over previous year
4	Return on Equity	Net Profit after tax	Average Shareholder's Equity	% age	13.1%	10.1%	30%	Majorly due to improvement in Profitability over previous year
5	Inventory Turnover	Net Sales	Average Inventory	Times	7.14	6.63	8%	
6	Trade receivables Turnover	Net Sales	Average trade receivables	Times	5.96	6.36	-6%	
7	Trade payables Turnover	Net purchases	Average Trade payables	Times	5.54	3.90	42%	Due to accelerated payments to vendors
8	Net Capital Turnover	Net Sales	Working Capital	Times	3.25	3.74	-13%	
9	Net Profit ratio	Net Profit after tax	Net Sales	% age	9.1%	8.5%	8%	
10	Return on Capital Employed	EBIT	Capital employed (Tangible Networth+Total Debt+Deferred tax liability)	% age	14.9%	12.0%	24%	

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lacs

	As at 2021-2022	As at 2020-21
<b>62 Revenue recognised under contracts</b>		
a) The disaggregation of revenue earned under contracts as per Ind AS-115 is as follows :		
Category-wise		
Revenue recognised at the point of time	1,04,333.66	77,210.09
Polymer Products		
b) Revenue-related receivables at the year end:		
Trade receivables (Refer Note no.13)	22,284.50	13,012.85
c) Reconciling the amount of revenue recognised during the year in the statement of profit and loss at the contracted price :		
Revenue as per contracted price (Net of discounts)	1,04,333.66	77,210.09
d) Impairment in Trade receivables are disclosed as 'Allowance for Bad and Doubtful debts' amounting ₹ Nil (Previous year ₹ Nil)		

**63** Fair value of investment in certain equity and preference shares are taken at cost since cost represents the best estimate of fair value.

**64** The provision for current tax represents income tax payable computed under substantive provisions of the Income Tax Act, 1961.

**65** (a) The Company had given an unsecured loan to BMF Investment Limited, a erstwhile wholly owned subsidiary company, amalgamated with the Bengal & Assam Co Ltd.,(Holding company) for the purpose of carrying its business at interest of 7% p.a. payable quarterly. Loan outstanding as on 31<sup>st</sup> March 2022 ₹ 11500 lacs (Previous Year ₹ 15000 lacs) (b) The Company had given an unsecured loan of ₹ 3000 lacs to Bengal & Assam Company Limited, Holding Company at interest of 9.75% p.a. payable quarterly. Since this loan has been repaid, outstanding of loan as on 31<sup>st</sup> March 2022 is Nil (Previous Year ₹ 2650 lacs).

**66** Details of Loans given and investment made for general business purposes, covered u/s 186 (4) of the Companies Act, 2013, have been given under respective heads.

**67** On 31<sup>st</sup> January 2022, the Board of Directors of the Company had approved the scheme of amalgamation ('the scheme') of Acorn Engineering Limited ('Acorn' a wholly owned subsidiary) with the Company w.e.f. 1<sup>st</sup> April 2022 (appointed date). The scheme is pending for filing with National Company Law Tribunal at Chennai (NCLT-Chennai). Pending approval of scheme by NCLT and other necessary regulatory approvals, no impact of the Scheme has been given in these financial statements.

**68** During the FY 2019-20, raw material amounting to ₹ 825.63 lacs was damaged in fire incident at the custom bonded warehouse. The insurance claim for the said raw material was duly filed with the insurance Companies and amount of ₹ 262.49 lacs has been received from insurance companies during FY 2020-21. The management is confident for recovery of the balance claim amount and same has been shown as good and recoverable.

**69** Certain balances of trade receivable, loan & advance, trade payable and other liabilities are subject to confirmation and/or reconciliation. In the opinion of the management, on confirmation / reconciliation, there will not be any material impact.

**70** Outbreak of Covid-19 has disturbed the economic activity through interruption in manufacturing process, disruption in supply chain, etc. for the Company during the year ended 31 March 2022. The Company, considering internal and external factors known to the management, has made assessment of likely adverse impact on economic environment in general, and financial risk on account of Covid-19 on carrying value of its assets and operations of the Company upto the date of these financial statements. The Company is closely monitoring the impact of this pandemic and believes this pandemic may not have significant adverse impact on the long term operations and performance of the Company.

**71** Previous year figures have been reclassified/regrouped/recast, wherever necessary.

As per our report of even date

RAGHUPATI SINGHANIA  
Chairman

HARSH PATI SINGHANIA  
H.V. LODHA

For LODHA & CO.,  
Chartered Accountants  
Firm Registration No.301051E

VIKRAMPATI SINGHANIA  
Managing Director

SURENDRA MALHOTRA  
NAGARAJU SRIRAMA  
Directors

N.K. LODHA  
Partner

R.VIJAYARAGHAVAN  
Company Secretary  
New Delhi, the 28<sup>th</sup> April 2022

AMIT AGARWAL  
Chief Financial Officer

New Delhi, the 28<sup>th</sup> April 2022

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

₹ in Lacs

Particulars	2021-2022	2020-2021
<b>A Cash flow from operating activities</b>		
Net profit before tax	13,627.86	9,420.52
Adjustments for :		
Depreciation and amortization expenses	4,562.56	4,371.30
Finance cost	1,476.95	1,681.74
Interest income	(1,563.45)	(1,771.31)
Remeasurement on defined benefit plans charged to OCI	79.43	(354.05)
Fair value changes in non-current Investment	0.35	(119.78)
Amortisation of deferred power expenses	-	43.49
Provision for doubtful debts written back	-	(97.60)
Bad debts written off	15.79	173.55
Profit on sale of short term investments	(21.66)	(30.51)
Fair Value (gain)/loss on mutual fund investments	9.67	(14.52)
(Profit) / Loss on sale of Property Plant & Equipment (Net)	1.44	(2.77)
Dividend received	(13.54)	-
<b>Operating profit before working capital changes</b>	<b>18,175.40</b>	<b>13,300.06</b>
(Increase)/decrease in inventories	(5,607.61)	(316.60)
(Increase)/decrease in trade and other receivables	(10,718.62)	(762.72)
Increase/(decrease) in trade and other payables	1,300.11	4,573.51
<b>Cash generated from operations</b>	<b>3,149.28</b>	<b>16,794.25</b>
Direct taxes (paid)	(4,094.66)	(2,632.13)
<b>Net Cash from operating activities</b>	<b>(945.38)</b>	<b>14,162.12</b>
<b>B Cash flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(3,633.43)	(4,182.69)
Sale of Property, Plant and Equipment	36.22	51.39
(Purchase) / Sale of investment	161.64	(822.48)
Redemption of Cumulative redeemable pref. shares	2,500.00	-
Loan (given) / refund	6,150.00	1,920.00
Interest received (Net)	1,412.94	1,704.78
Deposit accounts with Banks	244.07	(4,750.01)
Profit on sale of short term investments	21.66	30.51
Dividend received	13.54	-
<b>Net Cash used in investing activities</b>	<b>6,906.64</b>	<b>(6,048.50)</b>
<b>C Cash flow from financing activities</b>		
Redemption of Cumulative redeemable pref. shares	(2,500.00)	-
Proceeds of Long term borrowings	3,571.09	2,167.98
Repayment of Long term borrowings	(3,020.96)	(833.20)
Interest paid (Net)	(1,424.34)	(1,408.19)
Proceeds / (utilisation) from Short term borrowings (Net)	2,482.76	(5,918.42)
Receipts / (payments of Fixed deposits)	(1,449.85)	(475.85)
Payment of Lease liabilities	(265.49)	(250.36)
Dividend paid	(1,489.84)	(744.92)
<b>Net cash used in financing activities</b>	<b>(4,096.63)</b>	<b>(7,462.96)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,864.63</b>	<b>650.66</b>
Cash and cash equivalents as at the beginning of the year	4,318.98	3,668.32
<b>Cash and cash equivalents as at the end of the year</b>	<b>6,183.61</b>	<b>4,318.98</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

₹ in Lacs

**Note :**
**2021-2022**      **2020-2021**

- 1) Figures in brackets are outflows.  
 2) Cash and cash equivalents comprise of :

(a) Cash on hand	7.56	2.58
(b) Balances with banks		
i) Current accounts	576.05	626.40
ii) Deposits	5,600.00	3,690.00
<b>Total cash and cash equivalents</b>	<b>6,183.61</b>	<b>4,318.98</b>

- 3) Non Cash changes in liabilities arising from financing activities :

Particulars	Non- Cash Changes				As at 31.03.2022
	As at 01.04.2021	Cash Flows	Foreign exchange movement	Others	
Short-term Borrowings - Current year	1,570.90	2,482.76	(6.77)		4,046.89
- Previous year	7,492.07	(5,918.42)	(2.75)		1,570.90
Long-term Borrowings - Current year	21,707.78	(3,399.72)	27.76	4.36	18,340.18
- Previous year	20,732.18	803.03	179.10	(6.53)	21,707.78
Total liabilities from financing activities	23,278.68	(916.96)	20.99	4.36	22,387.07
Previous Year	28,224.25	(5,115.39)	176.35	(6.53)	23,278.68

As per our report of even date

 RAGHUPATI SINGHANIA  
 Chairman

 HARSH PATI SINGHANIA  
 H.V. LODHA

 For LODHA & CO.,  
 Chartered Accountants  
 Firm Registration No.301051E

 VIKRAMPATI SINGHANIA  
 Managing Director

 SURENDRA MALHOTRA  
 NAGARAJU SRIRAMA  
 Directors

 N.K. LODHA  
 Partner

 R.VIJAYARAGHAVAN  
 Company Secretary  
 New Delhi, the 28<sup>th</sup> April 2022

 AMIT AGARWAL  
 Chief Financial Officer

 New Delhi, the 28<sup>th</sup> April 2022

# AROUND THE YEAR



Auto Expo - North East



Rice & Grain Pro-Tech Expo-Raipur



Green Vehicle Expo - Bangalore



Automechanika - Dubai

# FOR THE SOCIETY



Cancer Awareness



Livelihood Creation - Tailoring



General Health Camp



Battery Vehicle - Rameswaram



Computer skill training



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