



ASHOK  
PIRAMAL  
GROUP



**MORARJEE**  
**TEXTILES LTD.**

27<sup>th</sup> Annual Report 2021-2022





Process House



Fabric Inspection



Spinnig blowroom



# Corporate Information

## BOARD OF DIRECTORS

**Ms. Urvi A. Piramal**, Chairperson  
**Mr. Harshvardhan A. Piramal**, Executive Vice Chairman  
**Mr. Mahesh S. Gupta**, Non-Executive Director  
**Mr. Amresh Narayan**, Whole time director & CEO\*  
**Lt. Gen. A. K. Singh (Retd.)**, Independent Director  
**Ms. Alpana Chinai**, Independent Director  
**Mr. Archit Jayakar**, Independent Director  
**Mr. Devesh Dadheech**, Independent Director  
**Mr. R. K. Rewari**, Managing Director\*\*

\*appointed as CEO w.e.f. 4<sup>th</sup> August, 2021 and as Whole Time Director & CEO w.e.f. 2<sup>nd</sup> September, 2021.

\*\*resigned w.e.f. 31<sup>st</sup> August, 2021.

## GROUP CFO

Mr. Dinesh Jain (resigned w.e.f. 31<sup>st</sup> August, 2021)

## CHIEF FINANCIAL OFFICER

Mr. S. C. Kashimpuria (retired w.e.f. 01<sup>st</sup> November, 2021)

Mr. Naveen Kumar Dadi (Appointed w.e.f. 01<sup>st</sup> November, 2021)

## COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Nishthi Dharmani

## STATUTORY AUDITORS

M/s. Haribhakti & Co. LLP  
Chartered Accountants

## BANKERS

Indian Bank  
The Saraswat Co-op. Bank Limited  
IDBI Bank Limited

ICICI Bank Limited  
Kotak Mahindra Bank Limited  
Federal Bank Limited  
Axis Bank Limited  
Tata Capital Financial Services Limited

## REGISTERED OFFICE

Peninsula Corporate Park, Unit 5, Ground Floor,  
Tower 1, Wing B, Ganpatrao Kadam Marg,  
Lower Parel, Mumbai – 400013

CIN : L52322MH1995PLC090643

Website : [www.morarjee.com](http://www.morarjee.com)

Email : [corporatesecretarial@ashokpiramalgroupp.com](mailto:corporatesecretarial@ashokpiramalgroupp.com)

## PLANT

Plot No.G1, G2- M.I.D.C. Industrial Estate Post: Salai  
Dhaba, Butibori, Nagpur - 441122

## SHARE TRANSFER AGENT (STA)

Freedom Registry Limited  
Registered Office:  
Plot No. 101/102, 19<sup>th</sup> Street, MIDC Area,  
Satpur, Nasik - 422 007  
Email : [support@freedomregistry.co.in](mailto:support@freedomregistry.co.in)  
Website : [www.freedomregistry.in](http://www.freedomregistry.in)

Mumbai Liaisoning Office  
104, Bayside Mall,  
35/C, M.M. Malviya Marg,  
Tardeo Road, Haji Ali,  
Mumbai - 400 034.

## 27<sup>TH</sup> ANNUAL GENERAL MEETING

Day : Thursday  
Date : 25<sup>th</sup> August, 2021  
Time : 2.30 p.m.

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# Notice

## NOTICE

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting ("AGM") of the Members of Morarjee Textiles Limited will be held on Thursday 25<sup>th</sup> August, 2022 at 2.30 p.m. through video conferencing to transact the following business:

### Ordinary Business:

#### 1. To receive, consider and adopt:

- a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2022 together with the Reports of the Board of Directors and the Auditors thereon; and
- b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2022 and the Report of the Auditors thereon.

2. To appoint a director in place of Mr. Mahesh S. Gupta (DIN: 00046810), Non-Executive - Non Independent Director, who retires by rotation and being eligible, has offers himself for re-appointment.

#### 3. To re-appoint M/s. Haribhakti & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 103523W/W100048) as Statutory Auditors of the Company and to fix their remuneration.

To consider and if thought fit, to pass the following resolution, with or without modification(s), as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, M/s. Haribhakti & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 103523W/W100048) as Statutory Auditors of the Company, be and are hereby re-appointed as the Statutory Auditors of the Company for a second term of five consecutive years, who shall hold office from the conclusion of this 27<sup>th</sup> Annual General Meeting till the conclusion of the 32<sup>nd</sup> Annual General Meeting to be held in the year 2027 on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company."

### Special Business:

#### 4. Ratification of Remuneration of Cost Auditors:

To consider and, if thought fit, to pass, the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014, including any statutory modifications or re-enactments thereof, for the time being in force, the Company hereby ratifies the remuneration of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand Only), (exclusive of the applicable taxes and out of pocket expenses) to M/s. Phatak Paliwal & Co., Cost Accountants (Firm Registration Number 000105), appointed by the Board of Directors of the Company as Cost Auditors, to conduct the audit of cost records of the Company for the Financial Year ended March 31, 2023;

**RESOLVED FURTHER THAT** all the Directors and Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary or expedient for giving effect to the foregoing resolution."

#### 5. Approval to make offer(s) of Non-Convertible Debentures u/p to an overall amount of Rs. 250 Crore:

To consider and, if thought fit, to pass, the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and subject to rules/ regulations/ guidelines issued by Securities and Exchange Board of India or any other appropriate/ statutory authorities and pursuant to the provisions of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to make offer(s) of Non-Convertible Debentures to be issued and allotted in one or more series within a period of one year from the date of passing of this resolution, on private placement basis to such persons / entities as may be identified by the Board of Directors (including any Committee of the Company authorized by the Board of Directors in this regard), up to an overall amount of Rs. 250 Crore (Rupees Two Hundred and Fifty Crore only)

on such terms and conditions as may be decided by the Board or a Committee constituted by the Board, as the case may be, from time to time.

**RESOLVED FURTHER THAT** all the Directors and Key Managerial Personnel of the Company or any other persons authorised by the Board or any Committee(s) constituted by the Board be and are hereby severally authorized to do all such acts, deeds, things and to execute all such deeds, documents, undertaking as may be considered necessary or expedient for giving effect to the foregoing resolutions including but not limited to filing of necessary forms and returns with the Registrar of Companies-Maharashtra, Ministry of Corporate Affairs, Stock Exchanges, and / or other authorities and to seek such approval/ consent from the shareholders or other authorities, as may be required in this.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized severally to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

By Order of the Board

**For Morarjee Textiles Limited**

Sd/-  
Nishthi Dharmani  
Company Secretary

Date: 19<sup>th</sup> May, 2022

Place: Mumbai

Morarjee Textiles Limited  
CIN: L52322MH1995PLC090643  
Registered office: Peninsula Corporate Park,  
Tower 1. Unit No. 5, Ground Floor,  
Ganpatrao Kadam Marg, Lower Parel,  
Mumbai - 400013

**NOTES:**

1. In accordance with the provisions of the Companies Act, 2013 ("Act"), read with the Rules made thereunder and General Circular dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020, 5<sup>th</sup> May, 2020, 13<sup>th</sup> January, 2021, 14<sup>th</sup> December, 2021 and 5<sup>th</sup> May, 2022 issued by the Ministry of Corporate Affairs ("MCA") read with relevant circulars issued by the Securities and Exchange Board of India ("SEBI"), from time to time (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold Annual General Meeting (AGM) through VC or OAVM up to

31<sup>st</sup> December, 2022, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC/OAVM.

2. The information required to be provided as per section 102 of the Companies Act, 2013, Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are furnished in the explanatory statement which is annexed hereto.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since, this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Map of the Venue are not annexed to this Notice.
4. In compliance with the aforementioned Circulars, Notice of the AGM along with the Annual Report for FY 2021-2022 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report for FY 2021-2022 will also be available on the Company's website: [www.morarjee.com](http://www.morarjee.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
5. In case any member is desirous of obtaining physical copy of the Annual Report for the financial year 2021-2022 and Notice of the AGM of the Company, he/she may send a request to the Company by writing at [corporatesecretarial@ashokpiramalgroup.com](mailto:corporatesecretarial@ashokpiramalgroup.com) mentioning their DP ID and Client ID/Folio No.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 19<sup>th</sup> August, 2022 to 25<sup>th</sup> August, 2022 (both days inclusive) for the purpose of AGM.
7. Corporate members are requested to send at [support@freedomregistry.co.in](mailto:support@freedomregistry.co.in) or [corporatesecretarial@ashokpiramalgroup.com](mailto:corporatesecretarial@ashokpiramalgroup.com) before e-voting/ attending annual general meeting, a duly certified copy of the Board Resolution authorizing their representative to

attend and vote at the AGM through VC, pursuant to Section 113 of the Companies Act, 2013.

8. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL. Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the Instructions for E-Voting Section which forms part of this Notice.
9. Members holding shares in Electronic (Demat) form are advised to inform the particulars of their bank account, change of postal address, mobile number and email IDs etc. to their respective Depository Participants only. The Company or its STA can't act on any request received directly from the members holding shares in demat mode for changes in any bank mandates or other particulars.
10. Members holding shares in physical form are requested to notify immediately any change in their address/mandate/bank details to the Company or to the office of the STA of the Company, Freedom Registry Limited at support@freedomregistry.co.in, quoting their folio number and members whose shareholding is in electronic mode are requested to direct their notifications about change of address to their respective depository participants(s) (DP).
11. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at [www.morarjee.com](http://www.morarjee.com) under the tab "Shareholders Information" and on the website of the Company's STA at [www.freedomregistry.co.in](http://www.freedomregistry.co.in). It may be noted that any service request can be processed only after the folio is KYC Compliant.
12. SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or STA, for assistance in this regard.
13. As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website [www.morarjee.com](http://www.morarjee.com) under the tab "Shareholders Information". Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to Freedom Registry Limited STA in case the shares are held in physical form.
14. Pursuant to the provisions of the Companies Act, 2013, dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.
15. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('The Rules') notified by the Ministry of Corporate Affairs effective September 7, 2016, all shares in respect of which dividend has not been claimed by the shareholders for seven consecutive years or more would also be transferred to the Investor Education and Protection Fund (IEPF) Account.
16. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register

of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode, up to the date of AGM. Members can inspect the same by sending an email to corporatesecretarial@ashokpiramalgroup.com.

17. Voting rights of the members (for remote e-voting and voting at AGM) shall be reckoned on shares registered in the name of the members and in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date Thursday, 18th August, 2022. A person who is not a Member on the cut-off date should treat this notice for information purposes only.
18. The Board of Directors has appointed Ms. Kala Agarwal, Practicing Company Secretary (Membership No. 5976, COP No. 5356), as the Scrutinizer for scrutinizing the e-voting process for the AGM in a fair and transparent manner and she has communicated her willingness to be appointed for the said purpose.
19. The Scrutinizer will, after scrutinizing the votes cast through e-voting during the meeting and through remote e-voting, not later than 48 hours of conclusion of the Meeting, make a consolidated Scrutinizer's Report and submit the same to the Chairperson/Executive Vice Chairman and Whole Time Director/ Company Secretary & Compliance Officer who shall declare the results. The results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company viz. [www.morarjee.com](http://www.morarjee.com) and on the website of NSDL viz. [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The results shall simultaneously be communicated to the Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).
20. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson/Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
21. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

## THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING AGM ARE AS UNDER:

The remote e-voting period begins on Monday, 22<sup>nd</sup> August, 2022 at 09:00 A.M. and ends on Wednesday, 24<sup>th</sup> August, 2022 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Thursday, 18<sup>th</sup> August, 2022 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Thursday, 18<sup>th</sup> August, 2022

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system





A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.



Type of shareholders	Login Method
	<p>2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS Portal" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p> </div> <div style="text-align: center;">  <p>Google Play</p> </div> </div> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<p>1) Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p>

Type of shareholders	Login Method
	<p>2) After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>4) Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30



Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43
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- B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

#### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID  For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company  For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

## **Step 2: Cast your vote electronically and join AGM on NSDL e-Voting system.**

### **How to cast your vote electronically and join AGM on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and AGM is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the AGM. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote to the Scrutinizer by e-mail to admin@kalaagarwal.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download

section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Pallavi Mhatre, Sr. Manager at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

### **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to corporatesecretarial@ashokpiramalgroup.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to corporatesecretarial@ashokpiramalgroup.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility

### **THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at corporatesecretarial@ashokpiramalgroupp.com. The same will be replied by the company suitably.
6. Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request to corporatesecretarial@ashokpiramalgroupp.com any time before 5:00 p.m. IST on Saturday, 20<sup>th</sup> August, 2022, mentioning their name, demat account number/folio number, email id, mobile

number. These queries will be replied by the company suitably by email.

7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013**

**Item No. 3**

M/s. Haribhakti & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company at the 22<sup>nd</sup> Annual General Meeting held on 22<sup>nd</sup> August, 2017 for a period of 5 years, up to the conclusion of 27<sup>th</sup> AGM. M/s. Haribhakti & Co. LLP, are eligible for re-appointment for a further period of 5 years. M/s. Haribhakti & Co. LLP, have given their consent for their re-appointment as Statutory Auditors of the Company and has issued certificate confirming that their re-appointment, if made, will be within the limits prescribed under the provisions of Section 139 of the Companies Act, 2013 ('the Act') and the rules made thereunder. M/s. Haribhakti & Co. LLP, have confirmed that they are eligible for the proposed appointment under the Act, the Chartered Accountants Act, 1949 and the rules or regulations made thereunder. As confirmed to Audit Committee and stated in their report on financial statements, the Auditors have reported their independence from the Company according to the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') and the ethical requirements relevant to audit. Based on the recommendations of the Audit Committee and the Board of Directors, it is hereby proposed to re-appoint M/s. Haribhakti & Co. LLP, Chartered Accountants, having registration No. 103523W/W100048, as the Statutory Auditors of the Company for the second and final term of five consecutive years, who shall hold office from the conclusion of this 27<sup>th</sup> AGM till the conclusion of the 32<sup>nd</sup> AGM of the Company on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company. The firm holds the 'Peer Review' certificate as issued by 'ICAI'.

The Board recommends the resolution set out at Item No. 3 of the Notice for approval by the Members by way of an **Ordinary Resolution**.

None of the Directors or Key Managerial Personnel of the Company or their relatives are interested or concerned, financially or otherwise in the resolution.

**Item No. 4**

In terms of provisions of Section 148 of the Companies Act, 2013 ('the Act') read with Rules made thereunder, the Company is required to appoint a Cost Auditor to conduct the audit of the cost records of the Company. On the recommendation of the Audit Committee, the Board



of Directors of the Company at its meeting held on 19<sup>th</sup> May, 2022 appointed M/s. Phatak Paliwal & Co., as the Cost Auditors of the Company for the financial year 2022-23 at a remuneration of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand Only), exclusive of the applicable taxes and out of pocket expenses, if any. M/s. Phatak Paliwal & Co., have given their consent and eligibility letter for the said appointment.

In terms of provisions of Section 148 of the Act and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand Only) is subject to ratification by the members.

The Board recommends passing of the resolution appearing under the Item No.4 of the accompanying Notice as an **Ordinary Resolution**.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, is in any way concerned or interested, in the resolution.

#### **Item No. 5**

In view of the existing and future financial requirements of the Company to support its business operations, the Company

is in need of additional funds. As an alternative means of funding, your Company may raise funds through offer and issue of Non-Convertible Debentures ("NCDs") on a Private Placement basis.

Further, as per the provisions of Section 42 of the Companies Act, 2013 and Rules made thereunder, the prior approval of shareholders through Special Resolution shall be valid for all the offers or invitations for such NCDs during one year from the date of its passing. Accordingly, the approval of the shareholders is sought for the fresh offer of NCDs on a Private Placement basis up to a limit of Rs. 250 Crores for a period of one year commencing immediately from the date of passing of this resolution.

The Board recommends passing of the resolution set out in Item No. 5 of the Notice by way of **Special Resolution**.

None of the Directors, Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution.

## ANNEXURE - I

Details of Directors Seeking appointment/ re-appointment in the forthcoming Annual General Meeting [Pursuant to Regulation 26(4) and 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with clause 1.2.5 of the Secretarial Standard -2]

<b>Name of the Director</b>	<b>Mr. Mahesh Gupta</b>
Date of Birth	30.06.1956
Age	65
Qualifications, experience, brief resume of the Director & Nature of his expertise	Brief resume with qualifications, experience and nature of expertise of Mr. Mahesh Gupta is stated in the Directors' Profile section of the Corporate Governance Report
Terms and Conditions of Appointment/ Re-appointment	Retiring by rotation and being eligible, proposed for re-appointment.
Remuneration to be paid	Eligible for sitting fees and commission, if any, as approved.
Remuneration last drawn	As mentioned in the Remuneration section of the Corporate Governance Report.
Relationship with other directors and key Managerial Personnel	N.A.
Directorship in other companies as on 31.03.2022	As mentioned in the Remuneration section of the Corporate Governance Report.
Relationship with other directors and key Managerial Personnel	N.A.
Directorship in other companies as on 31.03.2022	As mentioned in the Remuneration section of the Corporate Governance Report.
Chairman/ Member of the Committees of the Board of Directors as on 31.03.2022	<p>CEAT Limited</p> <ul style="list-style-type: none"> <li>Audit Committee – Chairman</li> <li>Stakeholders Relationship Committee – Member</li> </ul> <p>RPG Life Sciences Limited</p> <ul style="list-style-type: none"> <li>Stakeholders Relationship Committee – Chairman</li> <li>Audit Committee – Member</li> </ul> <p>Shree Digvijay Cement Co. Limited</p> <ul style="list-style-type: none"> <li>Audit Committee – Member</li> </ul>
Number of Board Meetings attended during FY 2021-22	6 out of 6
Date of first appointment on the Board of the Company	19.01.2006
Shareholding in the Company as on 31.03.2022	NIL

# Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting their 27<sup>th</sup> Annual Report and the Audited Financial Statement for the Financial Year ended 31<sup>st</sup> March, 2022.

## 1) Financial Results

Particulars	(₹ in lakhs)			
	Current Year 31 <sup>st</sup> March, 2022	Previous Year 31 <sup>st</sup> March, 2021	Current Year 31 <sup>st</sup> March, 2022	Previous Year 31 <sup>st</sup> March, 2021
Total Income	27,351	19,505	27,351	19,505
EBIDTA	723	384	723	384
Interest and Finance Expenses	7,246	5,455	7,246	5,455
Depreciation	2,289	2,328	2,289	2,328
Profit/ (Loss) before tax	(8,812)	(7,399)	(8,812)	(7,399)
Current tax (MAT)	-	-	-	-
Deferred Tax (Net of MAT credit Entitlement)	-	(1,236)	-	(1,236)
Profit/ (Loss) After Tax	(8,812)	(6,163)	(8,812)	(6,163)
Share in Profit/ (Loss) of Joint Venture	-	-	(2)	(4)
Profit/ (Loss) for the year	(8,812)	(6,163)	(8,814)	(6,167)
Other Comprehensive Income (Net of Tax)	(12)	(28)	(12)	(28)
Total Comprehensive Income/(Loss)	(8,824)	(6,191)	(8,826)	(6,195)

### Review of operations: (Rs. In Lakhs)

On Standalone basis, the total Income from operations of the Company was Rs. 27,351 lakhs as against Rs. 19,505 lakhs in the previous year. The EBIDTA of the Company for current year was Rs. 723 lakhs as against Rs. 384 lakhs in previous year. The Company incurred a loss of Rs. 8,812 lakhs from ordinary activities before tax in the current year as against a loss of Rs. 7,399 lakhs in the previous year. After providing for tax, the Company reported a Total Comprehensive Loss of Rs. 8,824 lakhs for the year ended 31<sup>st</sup> March, 2022 as against Loss of Rs. 6,191 lakhs for the Financial Year ended 31<sup>st</sup> March, 2021.

On Consolidated basis, the total Income from operations of the Company was Rs. 27,351 lakhs as against Rs. 19,505 lakhs for the previous year. The Company has incurred a loss before tax of Rs. 8,812 lakhs, from ordinary activities before tax in the current year as against a loss of Rs 7,399 lakhs previous year. After providing for tax and after share in loss of Joint Ventures, the Company reported a Total Comprehensive Loss of Rs. 8,826 lakhs for the Financial Year ended 31<sup>st</sup> March, 2022 as against that of Rs. 6,195 lakhs for the Financial Year ended 31<sup>st</sup> March, 2021.

## 2) Performance of Joint Venture Companies

The Company has only one Joint Venture Company viz. Morarjee Castiglioni (India) Private Limited (50%).

A Statement containing the salient features of the Financial Statements of said Joint Ventures is annexed in the prescribed Form AOC-1 to this Report as "Annexure -1".

A policy on material subsidiaries has been formulated and hosted on the website of the Company at [www.morarjee.com](http://www.morarjee.com).

## 3) Share Capital

During the financial year 2021-22, there was no change in the Share Capital of the Company. The Company has neither issued any shares nor has granted neither any stock Options nor any Sweat Equity Shares during the year.

## 4) Dividend and Reserve

In view of losses incurred, your Directors do not recommend any dividend for the year under review. The details of reserves and surplus are provided in Note No. 14 of the notes to the standalone financial statements.

## 5) Deposits / Loans from Directors

The Company has neither accepted nor has renewed any deposits during the year. Your Company has not accepted any deposit or any loan from the directors during the year under review.

## 6) Particulars of Loans, Guarantee or Investments

During the year under review, the Company has not made any investments, advanced any loans or provided any guarantee falling under Section 186 of the Companies Act, 2013 ("the Act").



## **7) State of Company's Affairs and business Review**

The details of the Company's affairs including its operations are more specifically given in the Management Discussion and Analysis Report, which is given in this Annual Report.

## **8) Corporate Social Responsibility ("CSR")**

During the Financial Year 2021-22, the Company was not under any statutory obligation to make any contribution towards the Corporate Social Responsibility activities.

Section 135 of the Companies Act, 2013 and rules made thereunder are not applicable to the Company for the financial year 2021-2022. Hence, the detailed reports of CSR is not attached with this Annual Report.

The constitution of the CSR Committee and its terms of reference are more particularly stated in the Corporate Governance Report which forms a part of this Annual Report. CSR Policy of the Company is available on Company's website at [www.morarjee.com](http://www.morarjee.com).

## **9) Business Risk Management**

The Company has formulated and implemented a Risk Management policy in accordance with the provisions of the Act and Regulation 17(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") in order to address the business risks associated with the Company. The Company periodically reviews the risk management practices and actions deployed by the management with respect to the identification, impact assessment, monitoring, mitigation and reporting of key risks while trying to achieve its business objectives.

## **10) Internal Financial Control System and their adequacy**

Your Company has an Internal Control System commensurate with the size, scale and complexity of its operations and well-documented procedures for various processes which are periodically reviewed for changes warranted due to business needs. The Internal Auditor continuously monitors the efficiency of the internal controls/ compliance with the objective of providing to Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organisation's risk management, control and governance processes. This system of internal control facilitates effective compliance of Section 138 of the Act and the Listing Regulations.

To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee. The Internal Auditor monitors and evaluates the efficiency and adequacy of the internal control system with reference to the Financial Statement. Based on the report of internal auditor, process owners

undertake corrective actions in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee. During the year under review, no reportable material weakness in the operation was observed. Regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

## **11) Vigil Mechanism/ Whistle Blower Policy**

The Vigil Mechanism/Whistle Blower Policy has been put in place for the Directors and Employees to report their genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The mechanism provides for adequate safeguards against the victimization of directors and employees who avail of the mechanism. Directors and employees may make protected disclosure under the policy to the Compliance Committee constituted by the Company to administer the internal code of business conduct. In exceptional cases, directors and employees have direct access to the Chairman of the Audit Committee. Further, no personnel have been denied access to the Compliance Committee/ Chairman of the Audit Committee, as the case may be.

No complaints were received under whistle blower mechanism during the year under review.

## **12) Directors and Key Managerial Personnel**

During the year under review, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has appointed Mr. Amresh Narayan (DIN: 09302625) as an Additional Executive Director & CEO of the Company with effect from 02<sup>nd</sup> September, 2021 pursuant to Sections 149, 150, 152 and 161 of the Act and the rules made thereunder. The appointment of Mr. Amresh Narayan (DIN: 09302625) is approved by the shareholders of the Company by way of postal ballot conducted on 10<sup>th</sup> February, 2022.

Also, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has re-appointed Mr. Harshvardhan A. Piramal (DIN: 00044972) as an Executive Vice Chairman & Whole Time Director for further period of Five years w.e.f. 1<sup>st</sup> April, 2022 pursuant to Sections 149, 150, 152 and 161 of the Act and the rules made thereunder. The re-appointment of Mr. Harshvardhan A. Piramal (DIN: 00044972) is approved by the shareholders of the Company by way of postal ballot conducted on 07<sup>th</sup> April, 2022.

Due to personal reasons, Mr. R. K. Rewari - Managing Director of the Company has resigned from the Company w.e.f. 31<sup>st</sup> August, 2021.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Mahesh S. Gupta (DIN: 00046810) is retiring by rotation at the forthcoming AGM and being eligible, he has been recommended for re-appointment by the Board.

A statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year is provided in the Report on Corporate Governance which forms part of this Annual Report.

All the Independent Directors of your company have given declarations that they meet the criteria of Independence laid down under Section 149(6) of the Act and the Listing Regulations.

The Company has complied with the requirements of having Key Managerial Personnel as per the provisions of Section 203 of the Act.

### **13) Remuneration Policy**

In compliance with Section 178(3) of the Act and Regulation 19(3) of the Listing Regulations and on the recommendation of the Nomination and Remuneration Committee, the Board framed a Policy relating to the selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration.

The Policy includes criteria for determining qualifications, positive attributes and independence of a director and other matters. The functions of the Nomination and Remuneration Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

The policy on the appointment of a person as Director and evaluation of Director and Senior Management Personnel of the Company is available on Company's website at [www.morarjee.com](http://www.morarjee.com).

### **14) Performance Evaluation**

Pursuant to Regulation 17 of the Listing Regulations read with Schedule IV of the Act, a formal evaluation of Board's performance and that of its Committees and individual directors had been done. Directors were circulated structured performance evaluation forms on various heads and they have provided their inputs on the same. Based on feedback, an evaluation Report was prepared and forwarded to the Chairperson and the respective Director to maintain the confidentiality of the Report.

The Independent Directors at their meeting held on 10<sup>th</sup> February 2022 evaluated performance of the Chairperson, non-independent directors of the Company.

The Directors expressed their satisfaction with the evaluation process.

### **15) Meetings of the Board**

Six meetings of the Board of Directors were held during the financial year 2021-22 and the gap between two consecutive board meetings was within the statutory limit. The details of the number of meetings held and attended by each Director are provided in the Corporate Governance Report, which forms part of this Annual Report.

### **16) Committees of the Board**

The details of all the Committees of the Board along with their terms of reference, composition and meetings held during the year, are provided in the Report on Corporate Governance which forms part of this Annual Report.

### **17) Directors' Responsibility Statement**

Pursuant to Section 134(5) of the Act, we hereby state that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2022 and its loss for the year ended on that date;
- iii) your Directors have taken proper and sufficient care towards the 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 fraud and other irregularities;
- iv) your Directors have prepared the annual accounts for the year ended 31<sup>st</sup> March, 2022 on a going concern basis;
- v) your Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi) your Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **18) Related Party Transactions ("RPTs")**

The RPTs entered into by the Company during the Financial Year 2021-22 were on an arm's length basis

and in the ordinary course of business and none of them was material. The Form AOC-2 for RPTs is enclosed as "Annexure - 2".

All the RPTs by considering their nature were placed before the Audit Committee for its approval and the Committee had granted its prior approval/ omnibus approvals as the case may be and ratified few transactions which were not material and on arm's length basis and at market price as per provisions of the Companies act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee reviewed, on a quarterly basis, RPTs entered into by the Company to which omnibus approval was granted by the Committee. The Company has framed a policy on RPTs for the purpose of identification, approval and monitoring of such transactions.

The policy on RPTs is hosted on the Company's website at [www.morarjee.com](http://www.morarjee.com).

## **19) Auditors and their reports**

### **A. Statutory Auditors & Auditors Report**

The members of the Company have appointed M/s. Haribhakti & Co. LLP as statutory auditors of the Company for a period of 5 years and they will remain in office until the conclusion of 27th AGM to be held in the calendar year 2022.

M/s. Haribhakti & Co. LLP (Firm Registration No. 103523W/W100048) the statutory auditors of the Company, will hold office till the conclusion of the twenty-seventh Annual General Meeting of the Company. The Board has recommended the re-appointment of M/s. Haribhakti & Co. LLP as the statutory auditors of the Company, for a second term of five consecutive years, from the conclusion of the twenty-seventh Annual General Meeting scheduled to be held in the year 2022 till the conclusion of the thirty-second Annual General Meeting to be held in the year 2027, for approval of shareholders of the Company, based on the recommendation of the Audit Committee.

The Auditors' observations read with Notes to Accounts are self-explanatory and therefore do not call for any comment.

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Act and Rules framed thereunder either to the Company or to the Central Government.

### **B. Cost Auditors**

Pursuant to Section 148 of the Act and on the recommendation of the Audit Committee, M/s. Phatak Paliwal & Co., Cost Accountants (Firm

Registration Number 000105), were appointed by the Board as the Cost Auditors of the Company for the financial year 2022-23 at a remuneration of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand only), exclusive of applicable taxes subject to ratification by the members at the AGM. The requisite resolution for ratification of remuneration of Cost Auditors by the shareholders has been set out in the Notice of AGM. M/s. Phatak Paliwal & Co. provided a certificate to the Company certifying their independence and arm's length relationship with the Company in accordance with the provisions of the Act.

### **C. Secretarial Audit**

Pursuant to Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has obtained the Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2022 from M/s. Kala Agarwal, Company Secretary in practice and same is annexed as "Annexure – 3" to this Report. The Secretarial Audit Report does not contain any qualification, reservations or adverse remarks.

## **20) Corporate Governance Report and Management Discussion and Analysis Report**

The Corporate Governance Report on compliance of the conditions of Corporate Governance as stipulated in the Listing Regulations and the Management Discussion & Analysis Report forms an integral part of this annual report.

## **21) Corporate Governance details as required under Schedule V of the Companies Act, 2013**

The disclosures to be mentioned in pursuance of Section II of Part II of Schedule V of the Act have been mentioned in the Corporate Governance Report.

## **22) Compliance of Secretarial Standards**

The Company has complied with the applicable Secretarial Standards during the year.

## **23) Particulars of Employees**

The information required pursuant to Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided on request. In terms of Section 136 of the Act, the reports and accounts are being sent to the shareholders and others entitled thereto, excluding the said information which will be made available for inspection by the shareholders in electronic mode, up to the date of AGM. Members can inspect the same by sending an email to the Company Secretary in advance at [corporatesecretarial@ashokpiramalgroupp.com](mailto:corporatesecretarial@ashokpiramalgroupp.com).



#### **24) Energy Conservation and Technology absorption, Foreign Exchange Earnings and Outgo**

The information pertaining to conservation of energy and technology absorption as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in "Annexure - 4 " to this report.

The total Foreign Exchange Inflow was Rs. 4675.76 lakhs and Outflow was Rs. 197.93 lakhs during the year under review.

#### **25) Significant and Material Orders**

There were no significant and material orders passed by any Regulators or Courts or Tribunals during the year ended 31<sup>st</sup> March, 2022 impacting the going concern status and Company's operations in future.

#### **26) Prevention of Sexual Harassment of Women at workplace**

The Company has zero tolerance towards sexual harassment at workplace and has adopted a policy to abide by letter and spirit requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Company has Internal Complaints Committee (ICC) at Group level to redress the complaints of sexual harassment. During the year, Company has not received any complaint of sexual harassment.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

number of complaints filed during the financial year	Nil
number of complaints disposed of during the financial year	Nil
number of complaints pending as on end of the financial year	Nil

#### **27) Maintenance of Cost Records**

The provisions of sub-section (1) of Section 148 of the Companies Act, 2013 pertaining to the maintenance of cost records are applicable to the Company and accordingly such accounts and records are made and maintained by the Company.

#### **28) Material Changes and Commitments affecting the financial position of the company**

There has been no material change/commitment affecting the financial position of the Company during

the period from the end of the financial year on 31<sup>st</sup> March, 2022 to the date of this Report. There has been no change in the nature of business of the Company.

#### **29) Annual Return**

Pursuant to the provisions of Sections 134(3)(a) and 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, Annual Return as on 31<sup>st</sup> March, 2022, is placed on the website of the Company at [www.morarjee.com](http://www.morarjee.com)

#### **30) Details of proceedings under the Insolvency and Bankruptcy Code, 2016**

During the financial year under review, no application was made or proceedings initiated against the Company under the Insolvency and Bankruptcy Code, 2016 nor any such proceedings was pending at the end of the financial year under review.

#### **31) Valuation of Assets**

During the financial year under review, there was no instance of one-time settlement of loans/ financial assistance taken from Banks or Financial Institutions, hence the Company was not required to carry out valuation of its assets for the said purpose.

#### **32) Acknowledgements**

Your directors gratefully acknowledge the support and cooperation received from various departments of the Central and State governments, members, business associates, analysts, banks, financial institutions, customers, distributors and suppliers, business partners and other stakeholders of the Company and also convey a sense of high appreciation to all the employees of the Company for their hard work, dedication, continued commitment and contribution.

On behalf of the Board  
For **Morarjee Textiles Limited**

Sd/-  
**Urvi A. Piramal**  
Chairperson  
DIN 00044954

Date: 19.05.2022  
Place: Mumbai

## Annexure - 1

### AOC - 1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

#### Part A - Subsidiaries

Sr. No.	Name of the subsidiary	Reporting Period	Reporting currency	Share capital / Contribution	Reserves & surplus	Total assets	Total Liabilities (Excluding Share capital and Reserves & Surplus)	Investments	Turnover (Includes Other Income)	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Share holding	Remarks
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Not Applicable

#### Notes :

- Names of the Subsidiaries which are yet to commence operation: NIL
- Names of Subsidiaries which have been liquidated or sold during the year: NIL

#### Part B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr. No.	Name of Associates/Joint Ventures	Shares of Associate/Joint Ventures held by the company on the year end						Profit / Loss for the year		Remarks
		Latest audited balance sheet	No. of Shares	Amount of Investment in Associates /Joint Venture	Extent of Holding %	Description of how there is significant influence	Reason why the associate /joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Considered in Consolidation	
1	Morajee Castiglioni (India) Private Ltd.	31-Mar-22	10,00,000	64.10	50%	Shareholding	-	46.50	(2.39)	Joint Venture

#### Notes :

- Names of Associates or Joint Ventures which are yet to commence operation: NIL
- Names of Associates or Joint Ventures which have been liquidated or sold during the year: NIL

For and on behalf of Board of Directors

**Urvi A. Piramal**  
(DIN: 00044954)  
Chairperson

**Harshvardhan A. Piramal**  
(DIN: 00044972)  
Executive Vice Chairman

**Amresh Narayan**  
(DIN:09302625)  
WTD & CEO

**Maresh S. Gupta**  
(DIN 00046810)  
Director

**Lt. Gen. A. K. Singh**  
(DIN 07698288)  
Director

**Archit Jayakar**  
(DIN: 01904013)  
Director

**Alpana Chinai**  
(DIN 00136144)  
Director

**Devesh Dadheech**  
(DIN:01656629)  
Director

**Naveen Kumar Dadi**  
Chief Financial Officer

**Nishthi H. Dharman**  
Company Secretary & Compliance Officer

Date: 19.05.2022  
Place: Mumbai

## Annexure - 2

### Form No. AOC - 2

(Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

<b>1. Details of contracts or arrangements or transactions not at arm's length basis:</b>	Not Applicable
(a) Name(s) of the related party and nature of relationship	
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Justification for entering into such contracts or arrangements or transactions	
(f) Date(s) of approval by the Board	
(g) Amount paid as advances, if any	
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
<b>2. Details of material contracts or arrangement or transactions at arm's length basis:</b>	Not Applicable
(a) Name(s) of the related party and nature of relationship	
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Date(s) of approval by the Board, if any	
(f) Amount paid as advances, if any	

For and on behalf of  
**Morarjee Textiles Limited**

Sd/-  
**Urvi A. Piramal**  
Chairperson

Date: 19<sup>th</sup> May, 2022  
Place: Mumbai



## Annexure - 3

### Form No. MR-3

#### Secretarial Audit Report

For The Financial Year Ended on 31<sup>st</sup> March, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,

#### **Morarjee Textiles Limited**

Peninsula Corporate Park, Unit 5, Ground Floor,  
Tower 1, Wing B, Ganpatrao Kadam Marg,  
Lower Parel, Mumbai 400013

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Morarjee Textiles Limited (hereinafter called the 'Company'). 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 my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also

information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Morarjee Textiles Limited 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) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
  - (a) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) SEBI(Prohibition of Insider Trading) Regulations, 2015;
- (c) SEBI(Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable during the FY 2021-22)
- (d) SEBI (Share Based Employee Benefits) Regulations, 2014;(Not applicable during the FY 2021-22)
- (e) SEBI (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable during the FY 2021-22)
- (f) SEBI(Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) SEBI (Delisting of Equity Shares) Regulations, 2009; (Not applicable during the FY 2021-22)
- (h) SEBI (Buy Back of Securities) Regulations, 1998; (Not applicable during the FY 2021-22) and
- (i) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (vi) Other Laws specifically applicable to the Company, namely:
  - 1. Contract Labour (Regulation and Abolition) Act, 1970
  - 2. Maharashtra Fire Prevention and Life Safety Measures Act, 2006
  - 3. Private Security Agencies (Regulation) Act, 2005
  - 4. The Maharashtra Private Security Guards (Regulation of Employment and Welfare) Act, 1981
  - 5. The Maharashtra Shops & Establishment Act, 1948
  - 6. Contract Labour (Regulation and Abolition) Central Rules, 1971
  - 7. Maharashtra Contract Labour (Regulation and Abolition) Rules, 1971
  - 8. Income Tax Act, 1961
  - 9. Hank Yarn Packing Notification, 2000
  - 10. Air (Prevention and Control of Pollution) Act, 1981
  - 11. Batteries (Management and Handling) Rules, 2001
  - 12. E – waste (Management and Handling) Rules, 2011
  - 13. Environment (Protection) Act, 1986
  - 14. Environment (Protection) Rules, 1986
  - 15. Environment (Protection) second Amendment Rules, 2002 – Diesel Generator (DG) Sets Rules
  - 16. Hazardous wastes (Management, Handling and Transboundary Movement) Rules, 2008
  - 17. Maharashtra Air (Prevention and Control of Pollution) Rules, 1983

18. Maharashtra Plastic Carry Bags Rules, 2006
19. Maharashtra Water (Prevention and Control of Pollution) Rules, 1983
20. Manufacture, Storage and import of Hazardous Chemical Rules, 1981
21. Pollution Control Consent
22. Water (Prevention and Control of Pollution) Act, 1974
23. Water (Prevention and Control of Pollution) Cess Rules, 1978
24. Master Circular on Direct Investment by Residents in Joint Venture (JV) / Wholly Owned Subsidiary (WOS) Abroad (Master Circular Number 11/ 2013-2014)
25. Boiler Act, 1923
26. Boiler Regulation, 1950
27. Explosives Act, 1884
28. Explosives Rules, 2008
29. Gas Cylinder Rules, 2004
30. Indian Electricity Rules, 1956
31. Legal Metrology Act, 2009
32. Maharashtra Fire Prevention and Life Safety Measures Act, 2006
33. Petroleum Act, 1934
34. Petroleum Rules, 2002
35. The Solvent, Raffinate and Slop (Acquisition, sale, storage and Prevention of use in Automobile) Order, 2000
36. Trade Marks Act, 1999
37. Apprentices Act, 1961
38. Child labour (Prohibition and Regulation) Act, 1986
39. Employees' State Insurance Act, 1948
40. The Employees' Compensation Act, 1923
41. Employees' State Insurance (General) Regulations, 1950
42. Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
43. Equal Remuneration Act, 1976
44. Factories Act, 1948
45. Maharashtra Factories Rules, 1963
46. Maharashtra Labour Welfare Fund Act, 1953
47. Maharashtra State Tax on Professions, Trades, Calling and Employments Rules, 1975.
48. Maharashtra Workmen's Minimum House Rent Allowance Act, 1983
49. Maternity Benefit Act, 1961
50. Minimum Wages Act, 1948
51. Payment of Bonus Act, 1965
52. The Employees' Provident Fund Scheme, 1952
53. The Payment of Bonus Rules, 1975
54. The Payment of Gratuity Act, 1972
55. Weekly Holidays Act, 1942
56. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
57. The Central Goods And Services Tax Act, 2017
58. Maharashtra Goods and Services Tax Act, 2017

I have also examined compliance of Secretarial Standards issued by The Institute of Company Secretaries of India.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and I have noted the following:

1. Mr. Naveen Kumar Dadi was appointed as Chief Financial Officer (CFO) w.e.f. 1<sup>st</sup> November, 2021 and the same was intimated to the stock exchange within prescribed time however while filing form DIR-12 regarding appointment of Mr. Naveen Kumar Dadi the date of appointment was erroneously selected as 18<sup>th</sup> October, 2021 instead of 1<sup>st</sup> November, 2021. Further the Company has filed requisite Application with Ministry of Corporate Affairs to rectify the error.

#### **I 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.

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.

All the Board/Committee decisions are taken unanimously.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

Sd/-

**Kala Agarwal**

Practising Company Secretary

COP No.: 5356

UDIN: F005976D000342103

Place: Mumbai

Date: 18<sup>th</sup> May, 2022

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

## **Annexure A**

To,  
The Members,  
**MORARJEE TEXTILES LIMITED**  
Peninsula Corporate Park, Unit 5,  
Ground Floor, Tower 1, Wing B,  
Ganpatrao Kadam Marg, Lower Parel  
Mumbai 400013

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

1. Maintenance of secretarial record 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. The verification was done on test basis 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.
4. Wherever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules and Regulations, Standards is the responsibility of management. 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.

Sd/-

**Kala Agarwal**

Practising Company Secretary

COP No.: 5356

UDIN: F005976D000342103

Place: Mumbai  
Date: 18<sup>th</sup> May, 2022

## Annexure – 4

Details of Conservation of Energy, technology absorption, foreign exchange earnings and outgo.

### A. Conservation of Energy :

- (i) The steps taken or impact on conservation of energy
  - We reduced 450 tube lights in plant which resulted in saving of 70956 KWH annually.
  - In winter season 84960 KWH saved by optimum utilization of Humidification plant (By stopping one supply fan (18.5 KW) & one pump motor (11 KW) of Blow Room)
  - By regulating Compressed air for cleaning we saved 45 KWH/day and 16258 KWH annually
- (ii) Total energy consumption As per Form A attached

### B. Technology absorption :

- (i) The efforts – made towards technology absorption:
  - New CAN bus module incorporated in all drives and updated version of software installed in Ring frames , It reduced the frequency of machine malfunction & false alarms generation and Thus led to an increase in productivity of the machine.
  - Modifications done in Speed Frame bobbin exchanger & Omegalape machine for using indigenous solenoid valves in place of imported one. This has reduced the breakdown time and in turn increased the utilization time of machines for production.
- (ii) The benefit derived as a result of above efforts.
  - Improvement in quality and productivity.
  - Cost reduction
  - Energy conservation.
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
  - a. Technology Imported : NIL
  - b. Whether the technology is fully absorbed : Not Applicable
  - c. If not fully absorbed, areas where absorption has not taken place, and reasons thereof. : Not Applicable

### C. The expenditure incurred on Research and Development

(Rs.in lakhs)

(a) Capital	0.00
(b) Recurring	64.27
(c) Total	64.27
(d) Total R&D expenditure as a percentage of total turnover	0.24%



## ANNEXURE 'A'

## Form of disclosure of particulars with respect to conservation of energy

	Units	This Year 31.03.2022	This Year 31.03.2021
<b>A) Power &amp; Fuel</b>			
<b>1 Electricity</b>			
a) Purchased Units	Lacs Kwhs.	476.34	359.80
Total Cost	Rs. Lakhs	3,144.25	2,265.50
Rate/Unit	Rupees	6.60	6.30
b) Own Generation			
i) Through Diesel Generator			
Units	Lacs Kwhs.	0.03	0.05
Unit per ltr. of Diesel oil	Kwhs.	3.57	1.78
Cost/Unit (Diesel Oil Only)	Rupees	34.40	39.57
Total Cost of Diesel	Rs. Lakhs	0.91	1.85
<b>2 Coal (slack coal for Boiler)</b>			
Quantity	M.T.	15,652.74	11,323.89
Total Cost	Rs. Lakhs	887.21	490.49
Average rate per M.T.	Rupees	5,668.08	4,331.46
<b>3 Furnace Oil</b>			
Quantity	K.ltrs.	-	-
Total Amount	Rs. Lakhs	-	-
Average rate per K.Ltr.	Rupees	-	-
<b>B) Consumption per unit of Production</b>			
In view of composite nature of its Textile Business, it is not possible to express the consumption of power & fuel per unit of production.			

For and on behalf of  
**Morarjee Textiles Limited**

Sd/-  
**Urvi A. Piramal**  
Chairperson

Date: 19<sup>th</sup> May, 2022  
Place: Mumbai

# Corporate Governance

The Directors present the Company's Report on Corporate Governance for the financial year ended 31<sup>st</sup> March, 2022.

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The philosophy of governance has been deeply rooted in the culture of Morarjee Textiles Limited (hereinafter referred to as "the Company"). Besides complying with the mandatory provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (hereinafter referred as "Listing Regulations"), your Company adopted various practices and set responsible standards of business. Your Company endeavors to improve upon aspects like transparency, professionalism, accountability and fair disclosures, on an ongoing basis and takes necessary steps towards growth and enhancing value for its shareholders.

## 2. BOARD OF DIRECTORS

### 2.1. Composition and category of the Board

The Company has an optimum combination of Executive and Non-Executive Directors. The Board is headed by Ms. Urvi A. Piramal as the Non-Executive Chairperson and consists of personalities with expertise and experience in diversified fields of specialization.

Category	Name of the Directors	Designation	No. of shares held (including joint shareholding) as on 31st March, 2022
Promoter Directors	Ms. Urvi A. Piramal	Chairperson (Non-Executive)	49,566
	Mr. Harshvardhan A. Piramal	Vice Chairman (Executive)	16,522
Non-Executive Non Independent Director	Mr. Mahesh S. Gupta	Director	Nil
Non-Executive Independent Director	Lt. Gen. A.K. Singh	Director	Nil
	Ms. Alpana Chinai	Director	1000
	Mr. Archit Jayakar	Director	Nil
	Mr. Devesh Dadheech	Director	Nil
Professional Executive Director	Mr. Amresh Narayan*	Whole Time Director & CEO	Nil
	Mr. R. K. Rewari**	Managing Director	100

\*Appointed as a CEO w.e.f. 4<sup>th</sup> August, 2021 and as a Whole Time Director & CEO w.e.f. 2<sup>nd</sup> September, 2021

\*\*Resigned as Managing Director w.e.f. 31<sup>st</sup> August, 2021

### 2.2. Directors' Profile

#### Ms. Urvi A. Piramal

Ms. Urvi A. Piramal oversees a professionally managed conglomerate. She plays a leading role in envisioning and formulating the Group's strategies in each of the businesses.

Ms. Piramal was a member of Technology and Quality Improvement Committee of IMC and was also a Chairperson of Supply Chain & Retail business (Internal Trade) Committee (04-05).

She has a Bachelor of Science degree and has attended the Advance Management Program at Harvard Business School.

Ms. Piramal has received a number of awards for her contribution to business. She was awarded the Qimpro Gold Standard Award for excellence in Managing Quality Improvement programmes across the Group. She has won the Outstanding Woman Industrialist Award presented by the Marine Lines Junior Chamber and the Yami Woman Award for her outstanding contribution to business. She also has to her credit the Cheminor Award from the India Institute of Materials Management. She was honoured with the Giants International Award in recognition of her outstanding contribution to business in 2015.

She is a Trustee of the Piramal Education Trust, Ashok G Piramal Trust and Urvi Ashok Piramal Foundation (UAPF) which has been set up for the underprivileged. She is on the board of Population First, an NGO working on creating awareness for the girl child.

Ms. Piramal is a wildlife enthusiast and has published two books – "My Wildside: India and Africa". She spends her leisure time in reading, listening to music and traveling extensively.

**Mr. Harshvardhan A. Piramal**

Mr. Harshvardhan A. Piramal is the Executive Vice-Chairman of Morarjee Textiles Limited.

Mr. Piramal began his career as an analyst at venture capital firm, Indocean Chase Capital Partners (subsequently part of JP Morgan Chase). After completing his MBA, he founded Thundercloud Technologies (India) Private Limited, an IT Company in May 2000. In August 2001, he was appointed COO – Allied Pharma Businesses at Nicholas Piramal India Limited (now Piramal Enterprises Limited), where he was responsible for the turnaround and robust growth of all divisions under his leadership. He was in this position till April 2004, when he took up his current position.

Mr. Piramal holds a Bachelor of Science (Physics) degree from Kings College London and a MBA (specializing in Finance and Strategy) from the London Business School.

He is closely involved in rural livelihood enhancement and tiger conservation.

**Mr. Mahesh S. Gupta**

Mr. Mahesh S. Gupta is presently associated with Ashok Piramal Group as Group Advisor. He had been Group Managing Director at Ashok Piramal Group for 15 years since 2005 and oversaw all businesses of the Group which comprises of real estate, textiles, cutting tools and renewable energy.

Mr. Gupta has about 4 decades of professional experience in the areas of Business Management and all dimensions of finance, mergers & acquisitions.

He had been associated with Piramal Enterprises Ltd. for about 18 years and was also on the board of several companies. He has also worked with the RPG group as Group CFO and Management Board Member.

Mr. Gupta has received a number of recognitions for his business acumen. He was awarded the CFO of the Year Award, Special Commendation for Financial Excellence (Mergers & Acquisitions Category) in 2001 by IMA (formerly known as EIU), New Delhi.

He is on the Board of several Public listed Companies such as Peninsula Land Limited, Morarjee Textiles Limited, CEAT Limited and RPG Life Sciences Limited and Shree Digvijay Cement Co. Ltd. From time to time, he has also been associated with various Committees of The Institute of Chartered Accountants of India (ICAI) as co-opted member, Member Governing Council of Indian Association Corporate CFOs & Treasurers (InACT), Advisory Board of Chennai Business School.

Mr. Gupta has an Honours Degree in B.Com; LL.B (Gen). Fellow Member of The Institute of Chartered Accountants and The Institute of Company Secretaries of India. He had an outstanding academic record and has been a Third Rank Holder and a Silver Medalist in Company Secretaries Final examination.

**Lt. Gen. A. K. Singh (Retd.)**

Lt. Gen. A. K. Singh (Retd.) the erstwhile Lt Governor of the Andaman & Nicobar Islands and Puducherry, Ex GOC in C Southern Command has been an alumni of NDA, Staff College Camberley, UK, Malinovsky Tank Academy, Moscow & the Higher Command & National Defence College courses. He is one of the few officers to have trained with both the NATO & Warsaw Pact at the height of cold war. Known for his high integrity and professionalism, the General is looked upon as a role model by large numbers in the Armed Forces.

After a distinguished service in the Armed Forces, Lt. Gen. A. K. Singh (Retd.) was entrusted with the responsibility of Administrator/Lt Governor of A&N Islands in July 2013 and later concurrently assumed the charge of Lt Governor of Puducherry in July 2014, where he made a great difference with his unique qualities of head & heart. The General is remembered in both the UTs for his high integrity, professional approach and caring attitude for the common man. Development initiatives and projects were fast tracked and many citizens refer to his tenure as the Golden period. He completed his tenure in August 2016.

He has been a member of Prime Minister's Team India, as also a member of the National Development Council and Inter State Council. The General has been decorated with numerous awards both related to defense as well as civil. The General is a frequent speaker at defence and civil forums and also contributes to the print media.

Presently, he is an Independent Director and Advisor with various firms/educational institutions including O P Jindal Global University. The General is also a distinguished fellow with Centre for Land Warfare Studies (CLAWS).

**Ms. Alpana Piramal Chinai**

Ms. Alpana Piramal Chinai is the Vice Chairperson & Managing Director of Piramal Nextgen, the medical manufacturing arm of the Chinai Piramal Group.

She was the Managing Director of Piramal Mills and has managed the Textile units in Mumbai, Surat and Ambarnath, amongst many other businesses in the Piramal Group.

Being the daughter of Dr. Mohanlal Piramal who was a leading Industrialist and Philanthropist, she passionately carries on his legacy. She is Managing Trustee of her own Charitable Institutes in Rajasthan, Piramal Group of Institutes, which has several schools and colleges. The institutes aim to educate and empower the girl child, with over 3000 girls enrolled across the schools and colleges.

She is a member of several organizations and clubs. She is an avid sports enthusiast and also supports many animal welfare organizations including PETA and BSRCA.

**Mr. Archit Jayakar**

Mr. Archit Jayakar has obtained his law degree from Government Law College, Mumbai in 2004 and his Solicitor's examination in 2006. Mr. Jayakar began his career in Gagrath & Co., and then with Khaitan, Jayakar Sud & Vora. In 2008, he worked in Dubai, at Lutfi CBP. In 2011, he became a Partner in Jayakar & Partners.

Archit's practice has been in the field of General Litigation. He has attended to matters in Courts and Arbitral Tribunals in matters relating to general Civil and Commercial law, Media and Intellectual Property, Inheritance and Succession, Insurance, Environment, Competition, Public Trusts, Tenders, Execution, Government Contracts and Family related disputes. Along with advisory and strategy, he also believes in appearing before Courts, Tribunals and Forums for arguments and cross examination. His work experience in Dubai has also helped him to understand the nuances of UAE Law and he has advised clients on setting up Companies in UAE Free Trade Zones as well as LLC Companies in Dubai.

More recently, he has been involved in matters of Economic Fraud (usually for the complainants) involving civil actions for recovery of money and criminal actions for money laundering, in India and overseas.

He has also appeared in various PIL matters including banning horse carriages in Mumbai, to address the question of Deleted Voters from the Electoral Roll in the General Elections of 2014 and to protect the Sanjay Gandhi National Park.

He also has a philanthropic side and runs a NGO - BIRTHRIGHT, through which he electrified a Village in Nasik. He is also associated with MAITRIBODH PARIVAAR offering legal advice and attends their discourses on Spirituality.

**Mr. Devesh Dadheech**

Mr. Devesh Dadheech is a fellow member of ICAI (Institute of Chartered Accountants of India) since July 17, 1982 and senior partner in M/s. D. Dadheech & Co., Chartered Accountants, a partnership firm with standing of more than thirty five years and having combined experience of more than thirty five years in the field of Taxation, Audit & Assurance and Company Law Matters.

He is also Founder President of Dadheech International Trade Foundation, a Non Profitable Organisation in the field of knowledge sharing and skill development.

**Mr. Amresh Narayan**

Mr. Amresh Narayan holds bachelor's degree in Textile Chemistry and masters in Marketing from the University of Magadh Bodh Gaya.

In his 29+ years career, Mr. Amresh has worked extensively in the textile industry and has held several leadership positions including his previous position as Business Head for Nandan Denim (Shirting Division) and also in earlier corporations like NSL Textiles, Sintex Industries, Birla Century, Vardhaman Fabrics, Donear Industries, Morarjee Castiglioni India Ltd., Bombay Dyeing and Mafatlal Fine Spinning & Weaving Co. Ltd.

During his career, he worked in different companies at different level and handled various marketing segment. He has played a major role in Techno commercial activities.



Mr. Amresh's expertise include successful establishment of new products in the market, improving customer base and enhancing brand image. He possesses extensive experience in business development, key account management, inventory management, outstanding management and channel management.

Mr. Amresh's people management roles cover people strategy and people management, building teams and leadership talent.

He is an enthusiast in activities like swimming and singing.

### 2.3. Attendance at Board Meetings and last Annual General Meeting, Relationship between Directors inter-se, Number of Directorships and Committee Memberships/ Chairmanships

Details of attendance of each Director at the Board Meetings and last Annual General Meeting ("AGM") and the number of Companies and Committees where he/she is a Director/Member/Chairman/Chairperson as on 31<sup>st</sup> March, 2022 are given below:

Name	Category	Relationship with other Directors	Attendance at the Board Meetings	Attendance at AGM held on 29th July, 2021	No of other Directorships	Committee position in India	
						Chairman	Member
Ms. Urvi A. Piramal	Non-Executive Chairperson	Mother of Mr. Harshvardhan A. Piramal	6 out of 6	Yes	4	0	0
Mr. Harshvardhan A. Piramal	Executive Vice-Chairman	Son of Ms. Urvi A. Piramal	6 out of 6	Yes	3	2	2
Mr. Mahesh S. Gupta	Non-Executive Non Independent Director	None	6 out of 6	Yes	5	3	2
Mr. R. K. Rewari*	Managing Director	None	1 out of 3	Yes	NA	NA	NA
Mr. Amresh Narayan**	WTD & CEO	None	2 out of 3	No	1	0	1
Lt. Gen A.K. Singh	Independent Director	None	6 out of 6	Yes	1	2	0
Ms. Alpana Chinai	Independent Director	None	3 out of 6	Yes	3	-	2
Mr. Archit Jayakar	Independent Director	None	4 out of 6	Yes	1	-	1
Mr. Devesh Dadheech	Independent Director	None	6 out of 6	Yes	1	-	1

\*Resigned as Managing Director w.e.f 31<sup>st</sup> August, 2021

\*\*Appointed as a CEO w.e.f. 4<sup>th</sup> August, 2021 and as a Whole Time Director & CEO w.e.f. 2<sup>nd</sup> September, 2021

\$Aforesaid directorships do not include directorship held in foreign companies, companies incorporated under Section 8 of the Companies Act, 2013 ("the Act") and private limited companies. However, for this purpose, Directorship/ Chairmanship/Membership held in the Company have also been included.

None of the Directors is a Director in more than 20 companies or more than 10 public limited companies or acts as an independent director in more than 7 listed companies and none of the Whole Time Director is an Independent Director in more than 3 listed Companies. Further, none of the directors is a member of more than 10 committees or is a Chairperson/ Chairman of more than 5 Committees. Only Audit Committee and Stakeholders' Relationship Committee were considered for reckoning the limit of Membership/ Chairmanship of the Committees.

**Names of listed entities (other than Morarjee Textiles Limited) where the person is a director and category of directorship:**

Sr. No.	Name of the Director	Name of the Company	Category of directorship
1.	Ms. Urvi Piramal	Peninsula Land Limited	Non-Executive Non-Independent Director
2.	Mr. Harshvardhan Piramal	Oriental Aromatics Limited	Independent Director
3.	Mr. Mahesh Gupta	Peninsula Land Limited	Non-Executive Non-Independent Director
		RPG Life Sciences Limited	Independent Director
		CEAT Limited	Independent Director
		Shree Digvijay Cement Company Limited	Independent Director
4.	Lt. Gen. A. K. Singh	Nil	Nil
5.	Ms. Alpana Chinai	Delta Corp Limited	Independent Director
6.	Mr. Archit Jayakar	Nil	Nil
7.	Mr. Devesh Dadheech	Nil	Nil
8.	Mr. Amresh Narayan*	Nil	Nil
9.	Mr. R. K. Rewari**	Nil	Nil

\*Appointed as a CEO w.e.f. 4<sup>th</sup> August, 2021 and as a Whole Time Director & CEO w.e.f. 2<sup>nd</sup> September, 2021

\*\*Resigned as Managing Director w.e.f 31<sup>st</sup> August, 2021

## 2.4. Meetings of the Board of Directors:

During Financial Year 2021-2022 6(Six) Board Meetings were held on 19<sup>th</sup> May, 2021, 30<sup>th</sup> July, 2021, 9<sup>th</sup> August, 2021, 18<sup>th</sup> October, 2021, 10<sup>th</sup> November, 2021, 10<sup>th</sup> February, 2022 and the gap between any two consecutive board meetings did not exceed one hundred and twenty days.

## 2.5. Details of directors being appointed/ re-appointed/ resigned

On the recommendation of the Nomination and Remuneration Committee, and pursuant to Section 196, 197, 198 and 203 read with Schedule V and other applicable provisions of Companies Act, 2013 and Rules made thereunder, the Board of Directors has recommended the re-appointment of Mr. Harshvardhan A. Piramal (DIN: 00044972) as a Whole Time Director designated as an Executive Vice Chairman of the Company for further period of 5 years w.e.f. 1<sup>st</sup> April, 2022. Members of the Company re-appointed him as an Executive Vice Chairman and Whole Time Director through Postal Ballot on 7<sup>th</sup> April, 2022.

Pursuant to Section 152 of the Companies Act, 2013 ("the Act"), Mr. Mahesh S Gupta (DIN: 00046810) is retiring by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

On the recommendation of the Nomination and Remuneration Committee, and pursuant to Section 161, 196, 197 and 203 read with Schedule V and other applicable provisions of Companies Act, 2013 and Rules made thereunder, the Board of Directors has appointed Mr. Amresh Narayan (DIN: 09302625) as an Additional Director of the Company in the capacity of Whole Time Director & CEO for a period of 3 years with effect from 2<sup>nd</sup> September, 2021. The appointment of Mr. Amresh Narayan is approved by the shareholders of the Company through Postal Ballot on 10<sup>th</sup> February, 2022.

Due to personal reasons Mr. R. K. Rewari - Managing Director of the Company has resigned from the Company w.e.f. 31<sup>st</sup> August, 2021.

Further, all the Independent Directors have given the declaration of their Independence under Section 149 and Regulation 16 of the Listing Regulations. The Board hereby confirms that in the opinion of the Board, all the Independent Directors fulfill the conditions specified in Listing Regulations and are independent of the Management of the Company.

## 2.6. Familiarization program

As required under the Listing Regulations and the Act, the Company has an orientation programme upon induction of new Directors, as well as other initiatives to update Directors on a continuous basis. The Board has framed a familiarization program for the Independent Directors wherein they were acquainted with their roles, rights, responsibilities in the Company, business nature of the Company, business model etc. It aims to provide Independent Directors, the textile industry scenario, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, significant developments so as to enable them to take well informed decisions timely. The familiarization program also seeks to update the directors on the roles, responsibilities, rights and duties under the Act, Listing Regulations and other statutes.

The Company has a structured Familiarization Programme through various reports/codes/policies and the same are placed before the Board with a view to update them on the Company's policies and procedures on a regular basis. This includes various business review presentations at the Board Meetings where Company's performance, strategy, initiatives, risk mitigation programmes are discussed.

The details of familiarization program are available on the Company's website viz. [www.morarjee.com](http://www.morarjee.com)

## 2.7. List of core skills, expertise, competencies required by the Board and those actually available with the Individual Directors.

The Board has identified and approved the matrix setting out the list, as mentioned below, of core skills, expertise and competencies to be possessed by the Board in general and the members in particular, in the context of the Company's business in order to provide guidance for the effective functioning of the Company. The details of the said skills/ expertise/ competencies as available with the individual directors are given below

Sr. No.	List of core skills/ expertise/ competence	Availability of the core skills/ expertise/ competence, with the directors, as on 31st March, 2022								
		Ms. Urvi A. Piramal	Mr. Harsh- vardhan A. Piramal	Mr. Mahesh Gupta	Lt. Gen. A. K. Singh	Ms. Alpana Chinai	Mr. Archit Jayakar	Mr. Devesh Dadheech	Mr. Amresh Narayan *	Mr. R. K. Rewari**
1.	Knowledge of the Textile Industry	✓	✓	✓	✓	✓	-	-	✓	NA
2.	Sales and Marketing Functions	✓	✓	✓	✓	✓	-	-	✓	NA
3.	Business Strategy Function	✓	✓	✓	✓	✓	✓	✓	✓	NA
4.	Planning and Sourcing	✓	✓	✓	✓	✓	-	✓	✓	NA
5.	Risk Management	✓	✓	✓	✓	✓	-	✓	✓	NA
6.	Strategy/M&A/Restructuring	✓	✓	✓	✓	✓	-	✓	✓	NA
7.	Finance, Accounting and Costing	✓	✓	✓	✓	✓	-	✓	✓	NA
8.	Legal and Regulatory compliance	✓	✓	✓	✓	✓	-	✓	✓	NA
9.	Corporate Governance	✓	✓	✓	✓	✓	✓	✓	-	NA
10.	Human Resource Management	✓	✓	✓	✓	✓	-	✓	-	NA
11.	Risk Mitigation Planning and Management	✓	✓	✓	✓	✓	-	✓	✓	NA

\*Appointed as a CEO w.e.f. 4<sup>th</sup> August, 2021 and as a Whole Time Director & CEO w.e.f. 2<sup>nd</sup> September, 2021

\*\*Resigned as Managing Director w.e.f 31<sup>st</sup> August, 2021

## 2.8. Performance Evaluation

Regulation 17 of Listing Regulations read with Schedule IV and other applicable provisions of the Act, mandates a formal evaluation to be done by the Board of its own performance and that of its Committees and individual Directors. Independent Directors shall also evaluate the performance of non-independent Directors and the Chairperson of the Board.

The evaluation of all the directors including independent directors was carried out by the entire Board, except for the director being evaluated. Performance evaluation of the Board, Chairperson and the non-independent directors was carried out by the independent directors in their meeting held on 10<sup>th</sup> February, 2022.

The directors were satisfied with the outcome of the evaluations of the Board, its Committees and the individual directors and on the basis of said evaluation reports, the Independent Directors will continue to act as Independent Directors of the Company for their remaining period.

### Criteria for performance evaluation of Directors

The Board of Directors has approved the criteria for performance evaluation of Non-Executive Directors (including Independent Directors) as recommended by the Nomination & Remuneration Committee. The said criteria inter alia includes following:

- Attendance at the Board meetings.
- Active participation in the meetings.
- Understanding the critical issues affecting the Company.
- Prompts Board discussion on strategic issues.
- Brings relevant experience to the Board and uses it effectively.
- Understands and evaluates the risk environment of the organization.
- Conducts himself/herself in a manner that is ethical and consistent with the laws of the land.
- Maintain confidentiality wherever required.
- Communicates in an open and constructive manner.
- Seeks satisfaction and accomplishment through serving on the Board.

### 2.9. Separate Meeting of Independent Directors

A separate meeting of the Independent Directors of the Company was held on February 10, 2022 as per Schedule IV of the Act and Regulation 25 of the Listing Regulations, to review the performance of all Non-Independent Directors, the Board as a whole and the performance of the Chairperson of the Company taking into account the views of other executive and non-executive directors. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees towards effective and reasonable performance and discharge of their duties. Except Mr. Archit Jayakar, all the Independent Directors have participated in the Meeting.

## 3. Audit Committee

The Audit Committee of the Company is constituted under Regulation 18 of the Listing Regulations and Section 177 of the Act. The Company Secretary acts as the secretary to the committee. The Audit Committee acts as a link between the statutory auditors, internal auditors and the Board of Directors. Its purpose, amongst others, is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory, internal audit activities and related party transactions.

### 3.1. Composition, Meetings and Attendance

The Audit Committee comprises of Lt. Gen. A. K. Singh (Chairman), Mr. Harshvardhan A. Piramal, Ms. Alpana Chinai, Mr. Archit Jayakar and Mr. Devesh Dadheech as members. The Executive Vice Chairman, Whole Time Director & CEO, CFO, Company Secretary & Compliance Officer are permanent invitees to the meetings.

Lt. Gen. A. K. Singh was present at the Annual General Meeting held on 29<sup>th</sup> July, 2021, being the Chairman of the Audit Committee as on the date of AGM.

The Audit Committee met 5 (Five) times during the financial year 2021-22 on 19<sup>th</sup> May, 2021, 9<sup>th</sup> August, 2021, 18<sup>th</sup> October, 2021, 10<sup>th</sup> November, 2021 and 10<sup>th</sup> February, 2022. The gap between two consecutive meetings did not exceed 120 (one hundred and twenty) days.

The attendance details are given below:

Name of the Directors	Designation	No. of meetings attended
Lt. Gen. A.K. Singh	Chairman	5 out of 5
Mr. Harshvardhan A. Piramal	Member	5 out of 5
Ms. Alpana Chinai	Member	2 out of 5
Mr. Archit Jayakar	Member	4 out of 5
Mr. Devesh Dadheech	Member	5 out of 5

### 3.2. Terms of Reference

The terms of reference of the Committee are wide enough to cover the matters specified for Audit Committee under Part C of Schedule II with reference to Regulation 18 of the Listing Regulations as well as under Section 177 of the Act are as follows:

- oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible;



- ii. recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- iii. approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- iv. reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - a. matters required to be included in the Director's Responsibility Statement; to be included in the Board's Report in terms of clause (c) of subsection (3) of Section 134 of the Companies Act, 2013; changes, if any, in accounting policies and practices and reasons for the same;
  - b. changes, if any, in accounting policies and practices and reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgment by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with listing and other legal requirements relating to financial statements;
  - f. disclosure of any related party transactions;
  - g. modified opinion(s) in the draft audit Report;
- v. reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval;
- vi. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the Report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- vii. reviewing and monitoring the Auditor's independence & performance, and effectiveness of audit process;
- viii. approval or any subsequent modification of transactions of the Company with related parties;
- ix. scrutiny of inter-corporate loans and investments;
- x. valuation of undertakings or assets of the Company, wherever it is necessary;
- xi. evaluation of internal financial controls and risk management systems;
- xii. reviewing, with the management, performance of statutory and internal Auditors, adequacy of the internal control systems;
- xiii. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. discussion with internal Auditors of any significant findings and follow up there on;
- xv. reviewing the findings of any internal investigations by the internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xvi. discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. to review the functioning of the Whistle-Blower mechanism;
- xix. approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

- xx. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
- xxi. Consider and comment on rational, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc. on the listed entity and its shareholders.

#### **4. Nomination & Remuneration Committee**

In compliance with Section 178 of the Act and Regulation 19 of Listing Regulations, the Board has constituted the Nomination & Remuneration Committee.

##### **4.1. Composition, Meeting and Attendance**

The Nomination & Remuneration Committee ("NRC") comprises of 4 (Four) Directors viz. Lt. Gen. A. K. Singh - Independent Director (Chairman), Ms. Urvi A. Piramal – Non - Executive Director, Ms. Alpana Chinai and Mr. Archit Jayakar - Independent Directors as members.

Lt. Gen. A. K. Singh was present at the Annual General Meeting held on 29<sup>th</sup> July, 2021, being the Chairman of the Committee as on the date of AGM.

The Committee met 4(Four) times during the year, on 19<sup>th</sup> May, 2021, 30<sup>th</sup> July, 2021, 18<sup>th</sup> October, 2021 and 10<sup>th</sup> February, 2022 and the details of attendance are as under:

Name of the Director	Designation	No. of meetings attended
Ms. Urvi A. Piramal	Member	4 out of 4
Lt. Gen. A.K. Singh	Chairman	4 out of 4
Ms. Alpana Chinai	Member	3 out of 4
Mr. Archit Jayakar	Member	2 out of 4

##### **4.2. Terms of Reference of the Committee and the Remuneration Policy**

The terms of reference of the NRC stated below are wide enough to cover the matters specified in the Listing Regulations and Section 178 of the Act.

- i. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel ("KMP") and other employees;
- ii. specification of manner and criteria for effective evaluation of performance of Board, its committees and individual directors, to be carried out either by the board or by an independent external agency and review its implementation and compliance;
- iii. devising a policy on diversity of board of directors;
- iv. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- v. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- vi. recommend to the board, all remuneration, in whatever form, payable to senior management.

##### **4.3. Remuneration Policy**

Pursuant to Section 178 of the Act, the Company has formulated a Policy on the appointment of person as a Director and evaluation of Directors & Senior Management Personnel (SMP). An extract of the policy covering remuneration for the Directors, KMPs and other employees is reproduced below:

- i. The terms of employment and remuneration of Managing Director, Whole-time Director, KMPs and SMPs shall be competitive in order to ensure that the Company can attract and retain competent talent;
- ii. The remuneration policy shall ensure that:

- a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors/ KMPs and SMPs of the quality to run the Company successfully;
  - b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
  - c. Remuneration to Directors, KMPs and SMPs involves a balance between fixed and variable pay reflecting short and long term performance and goals set by the Company.
- iii. While determining the remuneration and incentives for the MD/ WTD and KMPs, the following shall be considered:
- a. Pay and employment conditions with peers/ elsewhere in the competitive market;
  - b. Benchmarking with industry individual;
  - c. Performance of the individual;
  - d. Company performance.
- iv. For the benchmarking with industry practice, criteria of size, complexity, data transparency and geographical area shall also be given a due consideration;
- v. The pay structures shall be appropriately aligned across levels in the Company.

The detailed policy on the appointment of person as director and evaluation of Directors and Senior Management Personnel of the Company is hosted on the website of the Company [www.morarjee.com](http://www.morarjee.com).

#### 4.4. Remuneration

##### 4.4.1. Remuneration paid to Non-Executive Directors

The Non-Executive Directors ("NED") are entitled for sitting fees, commission and reimbursement of expenses for participation in the Board/ Committee meetings as per the NRC policy of the Company. The details of sitting fees paid during the year ended 31<sup>st</sup> March, 2022 are given below:

(Amount in Rs.)

Sr. No.	Name of the Directors	Designation	Sitting Fees
1	Ms. Urvi A. Piramal	Chairperson	3,40,000
2	Mr. Harshvardhan Piramal	Director	No sitting fees Payable
3	Mr. Mahesh S. Gupta	Director	3,00,000
4	Lt. Gen. A. K. Singh	Director	4,85,000
5	Ms. Alpina Chinai	Director	2,50,000
6	Mr. Archit Jayakar	Director	3,20,000
7	Mr. Devesh Dadheech	Director	4,45,000

No stock options were granted to NEDs during year. The Independent Directors are not entitled for stock options.

##### 4.4.2. Remuneration paid to the Executive Directors

The remuneration of Executive Directors is decided on the recommendation of the NRC and approved by the Board of Directors and shareholders. Any change in remuneration is also effected in the same manner and in the line with the applicable statutory approvals.

The remuneration package of the Executive Directors comprises of salary, perquisites and allowances, contribution to provident fund and superannuation fund and commission, if any. The details of remuneration paid to Executive Directors during the year are as under:

(Amount in ₹)

Remuneration Details	Mr. Harshvardhan A. Piramal (Executive Vice-Chairman)	*Mr. Rajendar Kumar Rewari (Managing Director)	**Mr. Amresh Narayan (Whole Time Director & CEO)	<b>Total</b>
<b>Basic Salary -</b>	-	28,50,000	19,75,806	48,25,806
<b>Allowances</b>				
HRA	-	7,50,000	-	7,50,000
Additional Allowance	-	35,11,105	26,29,996	61,41,101

Remuneration Details	Mr. Harshvardhan A. Piramal (Executive Vice-Chairman)	*Mr. Rajendar Kumar Rewari (Managing Director)	**Mr. Amresh Narayan (Whole Time Director & CEO)	(Amount in ₹) <b>Total</b>
Education Allowance	-	1,000	1,581	2,581
Leave Travel Allowance	-	51,667	-	51,667
Car Allowance	-	-	9,48,387	9,48,387
Medical Expenses	-	6,250	-	6,250
<b>Perquisite</b>				
Paid Leave Encashment	-	23,08,500	-	23,08,500
Provident Fund Contribution	-	3,42,000	2,37,097	5,79,097
Superannuation Fund	-	41,670	-	41,670
Electricity Bill	-	60,546	-	60,546
Rent Paid	-	-	3,70,500	3,70,500
<b>Gratuity</b>	-	39,46,154	-	39,46,154
<b>Total</b>	-	1,38,68,892	61,63,367	2,00,32,259

\*Appointed as a CEO w.e.f. 4<sup>th</sup> August, 2021 and as a Whole Time Director & CEO w.e.f. 2<sup>nd</sup> September, 2021

\*\*Resigned as Managing Director w.e.f. 31<sup>st</sup> August, 2021

1. No severance pay is payable on termination of contract and the notice period is as per the terms of appointment.
2. The Company does not have a scheme to grant stock options.

## 5. Stakeholders' Relationship Committee

In compliance with the provisions of Section 178 of the Act and the Listing Regulations, the Board has constituted the Stakeholders' Relationship Committee.

### 5.1. Composition, Meeting and Attendance

During the Financial Year 2021-2022, the Stakeholders' Relationship Committee was reconstituted. On the resignation of Mr. R. K. Rewari, Mr. Amresh Narayan was appointed as a member of Committee w.e.f. 2<sup>nd</sup> September, 2021. As on 31<sup>st</sup> March, 2022 Stakeholders' Relationship Committee comprises of 3 (three) directors of which one is Non-Executive Director i.e. Lt. General A. K. Singh (Chairman, Independent Director) and two Executive Directors as members viz. Mr. Harshvardhan A. Piramal and Mr. Amresh Narayan.

Lt. General A. K. Singh was present at the Annual General Meeting held on 29<sup>th</sup> July, 2021, being the Chairman of the Committee as on the date of AGM.

During the year under review, the Stakeholders' Relationship Committee met on 10<sup>th</sup> February, 2022 the details of attendance are as under:

Name of Directors	Designation	No. of meetings attended
Lt. Gen. A. K. Singh	Chairman	1 out of 1
Mr. Harshvardhan A. Piramal	Member	1 out of 1
Mr. Amresh Narayan	Member	1 out of 1

### 5.2. Terms of Reference

The terms of reference of the Committee are:

- To consider and resolve the grievance of all the security holders related to transfer/ transmission of shares, non-receipts of annual reports and non-receipts of declared dividends, issue of new duplicate certificates, general meetings etc.;
- To review the measures taken for effective exercise of voting rights by shareholders;
- To review the adherence to service standards adopted by the company in respect of various services being rendered by the Share Transfer Agent;



- iv. To review various measures and initiatives undertaken by the company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;
- v. To review and act upon such other grievances as the Board of Directors delegate to the Committee from time to time.

### 5.3. Compliance Officer

Name and Designation of the Compliance Officer	Ms. Nishthi H. Dharmani – Company Secretary & Compliance Officer
Address	Peninsula Corporate Park, Unit 5, Ground Floor, Tower-1, Wing B, Ganpatrao Kadam Marg, Lower Parel (w) Mumbai 400013 IN
Telephone Number	+91-22-66811600
E-mail ID	corporatesecretarial@ashokpiramalgrou.com

### 5.4. Details of Shareholders' Complaints

Details of investor complaints received and resolved during the year ended 31<sup>st</sup> March, 2022 are as follows:

Complaints Pending as on 01/04/2021	Complaints Received during the year	Complaints Resolved during the year	Complaints Pending as on 31/03/2022
Nil	Nil	Nil	Nil

## 6. Corporate Social Responsibility Committee

### 6.1. Composition, Meetings and Attendance:

Corporate Social Responsibility ("CSR") Committee consists of Ms. Urvi A. Piramal as Chairperson, Mr. Harshvardhan A. Piramal and Lt. Gen. A. K. Singh as members. The CSR Committee met on 10<sup>th</sup> February, 2022 and the details of attendance are as under.

Name of Directors	Designation	No. of meetings attended
Ms. Urvi A. Piramal	Chairperson	1 out of 1
Mr. Harshvardhan A. Piramal	Member	1 out of 1
Lt. Gen. A. K. Singh	Member	1 out of 1

### 6.2. Terms of Reference

The terms of reference of the Committee are as under:

- i. Formulate and recommend to the Board a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013;
- ii. Recommend the amount of expenditure to be incurred on the CSR activities;
- iii. Monitor the CSR activities of the company; and
- iv. Such other matters as the board may delegate from time to time.

The CSR policy is posted on Company's website at [www.morarjee.com](http://www.morarjee.com)

## 7. Risk Management Committee (Non-mandatory Committee)

Business risk evaluation and management is an ongoing process within the Company. The Company has risk management framework to identify, monitor and minimize risks and also identify business opportunities. For the identification, assessment and minimization of the risk, the Board constituted a Risk Management Committee to frame the Risk Management framework and to implement and monitor the same.

### 7.1. Composition

The Risk Management Committee comprises of Mr. Harshvardhan A. Piramal - Executive Vice Chairman as the Chairman, Mr. Amresh Narayan – Whole Time Director & CEO, Mr. Devesh Dadheech - Director and and Mr. Naveen Kumar Dadi - CFO as members.

### 7.2. Terms of Reference

- To identify potential Business Risks;
- To analyze the Risk and develop Risk mitigation plans, as per the Risk Management Policy;

- To monitor, ensure and take corrective measures to protect the cyber security of the Company;
- Reporting of Risk environment to the Board;
- To create awareness among the employees to assess risks on a continuous basis & develop risk mitigation plans in the interest of the Company.

## 8. General Body Meetings and Postal Ballot

### 8.1. Location and time, where Annual General Meeting (AGM) for the last 3 years were held:

Financial Year	AGM	Date	Time	Location
2020-21	26 <sup>th</sup> AGM	29 <sup>th</sup> July, 2021	2.30 p.m.	Video conferencing (VC)
2019-20	25 <sup>th</sup> AGM	25 <sup>th</sup> September, 2020	11:00 a.m.	Video conferencing (VC)
2018-19	24 <sup>th</sup> AGM	3 <sup>rd</sup> September 2019	03:00 p.m.	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018

### 8.2. Special Resolution passed in the previous three Annual General Meetings (AGM)

AGM	Date of AGM	Special Resolution
26 <sup>th</sup> AGM	29 <sup>th</sup> July, 2021	Resolution No 4 – Approval to make offer(s) of Non-Convertible Debentures upto an overall amount of Rs. 250 crore Resolution No 5 - Re-appointment of Lt. Gen. A. K. Singh (DIN: 07698288) as an Independent Director
25 <sup>th</sup> AGM	25 <sup>th</sup> September, 2020	Resolution No 7 - To consider making offer(s) of Non-Convertible Debentures aggregating to Rs. 150 crores on private placement basis.
24 <sup>th</sup> AGM	3 <sup>rd</sup> September, 2019	Resolution No 4 – Revision in the terms of remuneration of Mr. Harshvardhan A. Piramal (DIN: 00044972), Whole-time Director of the Company. Resolution No 5 - Re-appointment of Mr. R. K. Rewari (DIN: 00619240) as the Managing Director of the Company for a period of three years w.e.f. February 1, 2019. Resolution No 6 - Re-appointment of Mr. Shobhan Thakore (DIN: 00031788) as an Independent Director of the Company for a second term of five consecutive years. Resolution No 7 - Re-appointment of Mr. Ranjan Pant (DIN: 00005410) as an Independent Director of the Company for a second term of five consecutive years. Resolution No 8 - To consider making offer(s) of Non-Convertible Debentures aggregating to Rs. 150 crores on private placement basis.

The resolutions referred above were passed by requisite majority of members.

### 8.3. Postal Ballot

#### i) Details of special resolutions passed by postal ballot:

During the financial year, two Special resolutions were passed by means of postal ballot on 10<sup>th</sup> February, 2022 and 7<sup>th</sup> April, 2022, the details of which are as follows:

- 1) Approval for the Appointment of Mr. Amresh Narayan (DIN: 09302625) as a Whole Time Director & CEO of the Company and the terms and conditions of his appointment
- 2) Re-appointment of Mr. Harshvardhan A Piramal (DIN:00044972) - Whole Time Director to be designated as Executive Vice Chairman for further period of 5 years with effect from 1<sup>st</sup> April, 2022.

#### ii) Details of voting pattern:

Special Resolution No.	Total Shares	In Favour Votes	Against Votes	Invalid Votes
1	36332349	24029017	67	0
2	36332349	2242503	665	0

#### iii) Person who conducted aforesaid postal ballot exercise:

Ms. Kala Agarwal (ICSI Membership No. 5976 COP 5356) practicing company secretary conducted the aforesaid postal ballot exercise in a fair and transparent manner.

- iv) Whether any special resolution is proposed to be conducted through postal ballot:

No special resolution is currently proposed to be conducted through postal ballot.

- v) Procedure followed for Postal Ballot:

Pursuant to Section 108, 110 and other applicable provisions, if any, of the Act, (including any statutory modification or re-enactment thereof for the time being in force) read with Rule 18 & 20 of the Companies (Management and Administration) Rules, 2014, (the rules) as amended from time to time General Circular No. 14/2020 dated April 8, 2020, No. 17/2020 dated April 13, 2020, No. 22/2020 dated June 15, 2020, No. 33/2020 dated September 28, 2020, No. 39/2020 dated December 31, 2020, No. 02/2021 dated January 13, 2021, No. 10/2021 dated June 23, 2021 and No. 19/2021 dated December 8, 2021 issued by the Ministry of Corporate Affairs ("MCA Circulars") in relation to Clarification on passing of Ordinary and special resolution by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19 issued by the MCA, Government of India ("the MCA circulars") and pursuant to other applicable laws and regulations, the Company provided only the remote e-voting facility to its Members, to enable them to cast their votes electronically.

The Company engaged the services of Central Depository Services (India) Limited for facilitating remote e-voting to enable the Members to cast their votes electronically.

Due to non-availability of postal and courier services, on account of the threat posed by COVID-19 and in terms of the MCA Circulars, the Company sent the Postal Ballot Notices in electronic form only to its registered shareholders whose e-mail IDs were registered/available with the Depository Participants (DPs)/Registrars and Share Transfer Agents (RTA) as on a cut-off date. Voting rights were reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date i.e. 7<sup>th</sup> January 2022 for resolution number 1 of Postal Ballot Notice dated 6<sup>th</sup> January, 2022 and 4<sup>th</sup> March, 2022 of Postal Ballot notice dated 10<sup>th</sup> February, 2022, for resolution number 2. Members desiring to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e-Voting. The scrutinizer, after the completion of scrutiny, submitted his report to the Chairperson who was authorized to accept, acknowledge in accordance with the provisions of the Act, the Rules framed thereunder and the Secretarial Standard 2 on General Meetings. The consolidated results of the voting by postal ballot and e-Voting were then announced by Company Secretary & Compliance Officer. The results were also displayed on the Company's website at <https://www.morarjee.com>, besides being communicated to BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and CDSL. The results were announced on 11<sup>th</sup> February, 2022 of resolution number 1 and 8<sup>th</sup> April, 2022 of resolution number 2

## 9. Means of Communication

The quarterly and annual results are generally published in English newspapers in Active Times and in Marathi newspapers in Mumbai Lakshadweep respectively and are simultaneously posted on the Company's website at [www.morarjee.com](http://www.morarjee.com) and are also sent to the BSE Limited and National Stock Exchange of India Limited.

No presentations were made to the institutional investors and to the analysts during the FY 2021-22.

The Annual Report of the Company is also available on the website of the Company in a user friendly and downloadable form.

## 10. General Shareholder Information

### 10.1. 27<sup>th</sup> Annual General Meeting (AGM)

Date of AGM	Time
25 <sup>th</sup> August, 2022	2.30 PM

### 10.2. Financial Year: April - March

### 10.3. Dividend Payment Date: Since the Company has incurred losses, the Board has not recommended payment of dividend on Equity Shares

### 10.4. Book Closure Dates: The Register of Member and Share Transfer book shall remain closed from 19<sup>th</sup> August, 2022 to 25<sup>th</sup> August, 2022.

## 10.5. Listing of Equity Shares on Stock Exchanges and Stock Codes

Name and address of the Stock Exchanges	Stock Code/ID
<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai Samachar Marg, Mumbai, Maharashtra - 400001	532621
<b>National Stock Exchange of India Limited</b> Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051	MORARJEE (Series EQ)
ISIN	INE161G01027

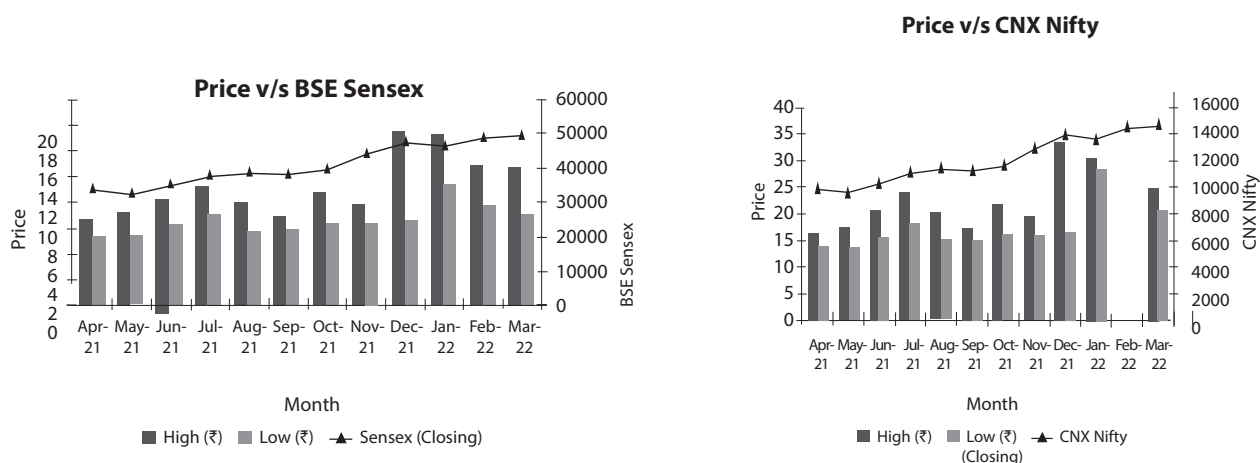
The Company has paid Annual Listing fees to the Stock Exchanges for the FY 2021-22.

## 10.6. Stock Market Data and their Performance v/s S&P BSE Sensex and CNX Nifty

The high/low of the market price of the shares of the Company and the performance thereof with the BSE Sensex and CNX Nifty are given in the charts below:

Month	BSE			NSE		
	High (₹)	Low (₹)	Sensex	High (₹)	Low (₹)	CNX Nifty
Apr-21	16.68	13.5	48,782.36	16.3	13.7	14,631.10
May-21	18.1	13.7	51,937.44	17.5	13.5	15,582.8
Jun-21	20.65	15.6	52,482.71	20.6	15.5	15,721.5
Jul-21	23.45	17.95	52,586.84	23.95	17.95	15,763.05
Aug-21	20.2	14.5	57,552.39	20.15	14.55	17,132.2
Sep-21	17.3	14.9	59,126.36	17.4	15	17,618.15
Oct-21	22.1	15.85	59,306.93	21.75	16.15	17,671.65
Nov-21	19.85	16.25	57,064.87	19.90	16.05	16,983.2
Dec-21	33.8	16.65	58,253.82	33.65	16.6	17,354.05
Jan-22	33.6	23.6	58,014.17	30.35	28.20	17,339.85
Feb-22	27.2	19.6	56,247.28	-	-	16,793.9
Mar-22	26.75	17.75	58,568.51	24.75	20.5	17,464.75

Sources: BSE and NSE websites



**10.7. Distribution of shareholding as on 31<sup>st</sup> March, 2022:**

Slab of Shareholding	No of Shareholders	% of Shareholders	Amount (₹)	% of Shares held
1 to 5000	12639	87.16	9894108.00	3.89
5001 to 10000	834	5.75	5856074.00	2.30
10001 to 20000	463	3.19	6366647.00	2.50
20001 to 30000	196	1.35	4647272.00	1.83
30001 to 40000	119	0.82	4116546.00	1.62
40001 to 50000	58	0.40	2581579.00	1.02
50001 to 100000	103	0.71	7208845.00	2.83
100001 & Above	89	0.61	213655372.00	84.01
<b>TOTAL</b>	<b>14501</b>	<b>100</b>	<b>254326443.00</b>	<b>100</b>

**10.8. Shareholding Pattern as on 31<sup>st</sup> March, 2022:**

Category	No. of Shares held	% of Shares held
<b>Promoters Holding [A]</b>		
Indian promoters	2,16,94,663	59.71
Foreign promoters	0.00	0.00
Persons acting in concert	0.00	0.00
<b>Sub-total A</b>	<b>2,16,94,663</b>	<b>59.71</b>
<b>Public Holding [B]</b>		
<b>Institutional Investors B1</b>		
Mutual Funds	573	0.00
Financial Institutions/ Banks	2,854	0.01
Foreign Portfolio Investors	0.00	0.00
Insurance Companies	15,55,114	4.28
<b>Sub-total B1</b>	<b>15,58,541</b>	<b>4.29</b>
<b>Non-Institutional Investors B2</b>		
Retail Individuals	94,34,097	25.97
IEPF	1,48,500	0.41
Bodies Corporate	1,87,059	0.51
Clearing Members	51,299	0.14
Non Resident Indians (NRI)	8,47,144	2.33
Overseas Corporate Bodies	516	0.00
Director or Director's Relative	4,27,000	1.18
HUF	4,70,859	1.30
Trust	100	0.00
LLP	577	0.00
<b>Sub-total B2</b>	<b>1,15,67,151</b>	<b>31.84</b>
<b>Non-Promoter Non-Public Holding [C]</b>	<b>15,11,994</b>	<b>4.16</b>
<b>Grand total (A+B+C)</b>	<b>3,63,32,349</b>	<b>100.00</b>

**10.9. Share Transfer Agent**

Freedom Registry Limited, Share Transfer Agent of the Company has been appointed as one point agency for dealing with shareholders. Shareholders' correspondence should be addressed to the Company's Share Transfer Agent at the address mentioned below:

Registered Office: Freedom Registry Limited Plot No. 101/102, 19th Street, MIDC Area Satpur, Nashik 422 007 Tel: (0253) – 2354 032 Fax: (0253) 2351 126 E-mail : support@freedomregistry.co.in	Mumbai Liaisoning Office: Freedom Registry Limited 104, Bayside Mall 35, C. M. M. Malviya Marg Tardeo Road, Haji Ali Mumbai 400 034. Tel : (022) – 2352 5589 / 6743 2799
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**10.10. Share Transfers System**

The Board has delegated the authority for approving transfer, transmission, etc. of the Company's equity shares to a Share Transfer Committee comprising of Ms. Urvi A. Piramal, Mr. Harshvardhan A. Piramal, Mr. Mahesh S. Gupta and Mr. Arindam Maheshwari.



For administrative convenience and to facilitate speedy approvals, authority has also been delegated to Senior Executives of the Company to approve share transfers upto specified limits.

A summary of the transfers, transmissions as approved by the Share Transfer Committee or the authorized Executives, as the case may be, are placed at subsequent meeting of the Board of Directors of the Company.

The Certificate of Compliance obtained from the Practicing Company Secretary as required under Regulation 40(9) of the Listing Regulations, confirms the compliance with the share transfer formalities within the timelines prescribed.

The Company conducts a Reconciliation of Share Capital Audit on a quarterly basis in accordance with Securities and Exchange Board of India (SEBI) requirements. M/s. Nilesh Shah & Co., Practicing Company Secretary appointed by the Company to conduct this audit. Reconciliation of Share Capital Audit Reports of M/s. Nilesh Shah & Co., which have been submitted to the Stock Exchanges within the stipulated period, inter- alia confirms that the equity shares of the Company held in dematerialized form and in physical form tally with the issued and paid-up equity share capital of the Company.

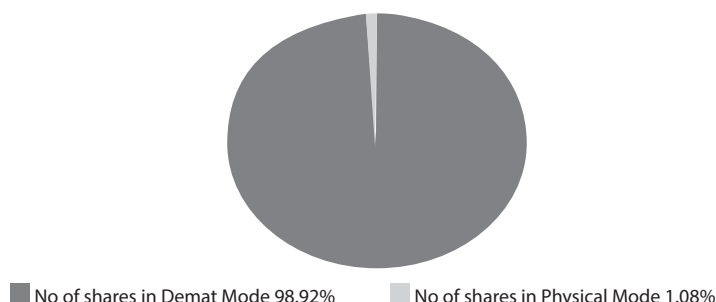
#### 10.11. Dematerialization of shares and liquidity:

As on 31<sup>st</sup> March, 2022, 3,59,38,931 Equity Shares representing 98.92% of the Company's paid-up Equity Share Capital have been dematerialized. Trading in Equity Shares of the Company on Stock Exchanges is permitted only in dematerialized form as per notification issued by SEBI. Shareholders seeking demat/ remat of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificates to the Share Transfer Agent of the Company. Upon receipt of the request and share certificates, the Share Transfer Agent will verify the same. Upon verification, the Share Transfer Agent will request National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) to confirm the demat request. The demat account of the respective shareholder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder.

In respect of remat, upon receipt of the request from the shareholder, the DP generates a request and verification of the same is done by the Share Transfer Agent. The Share Transfer Agent then requests NSDL and CDSL to confirm the same. Approval of the Company is sought and equivalent number of shares is issued in physical form to the shareholder. The share certificates are dispatched within one month from the date of issue of shares.

SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or STA, for assistance in this regard.

**No of shares in Demat & Physical Mode**



10.12. There are no outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments issued by the Company.

#### 10.13. Commodity Price Risk, Foreign Exchange Risk and Hedging activities:

The Company manages commodity price risks. The foreign exchange risks are monitored and managed accordingly. The Company has sourced majorly all its raw material requirement during FY2021-22 from the domestic markets only; as such, there is no significant exposure of the Company in commodity hedging for FY 2021-22. Hence, there is no disclosure to be made under SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141, dated November 15, 2018.

**10.14. Plant Location :**

Plot No.G1, G2- M.I.D.C. Industrial Estate Post, Salai Dhaba, Butibori Nagpur – 441122

**10.15. Investor Correspondence :**

Shareholders can contact to the Compliance officer of the Company for Secretarial matters of the Company at corporatesecretarial@ashokpiramalgroupp.com.

- 10.16.** List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad – Not applicable.

**11. Disclosures****11.1 Materially significant related party transactions :**

The transactions between the Company and the Directors and companies in which the Directors are interested are disclosed in Note No. 51 of the Notes to the Financial Statement in the Annual Report in compliance with the Accounting Standard relating to “Related Party Disclosures”. There is no materially significant Related Party Transaction that may have potential conflict with the interest of the Company at large. As per Regulation 23 of Listing Regulations, the Company has formulated a policy on Related Party Transactions and it is uploaded on the website of the Company at [www.morarjee.com](http://www.morarjee.com)

**11.2. Details of non – compliance, penalties, strictures imposed by the Stock Exchanges or SEBI during last 3 years:**

There were no instances of imposition of penalties or strictures by the Securities and Exchange Board of India or any other statutory authority during the last three year on any matter related to the capital Markets

**11.3. Vigil mechanism/ whistle blower policy:**

The Company has established a vigil mechanism for Directors and Employees to report their genuine concerns about unethical behavior, actual or suspected fraud or violation of the company’s code of conduct. The mechanism provides for adequate safeguards against victimization of Director(s) and Employee(s) who avail of the mechanism. In all cases, Directors and Employees have direct access to the Compliant Committee set up for this purpose and in exceptional circumstances, the Chairman of the Audit Committee. Further no personnel have been denied access to the Chairman of the Audit Committee.

The Whistle Blower Policy is available on Company’s website at [www.morarjee.com](http://www.morarjee.com)

**11.4. Disclosure of Compliance of Corporate Governance :**

The Company has complied with all the requirements of the Listing Regulations including the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulations (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, whenever applicable.

**11.5. Details of compliance with mandatory requirements & adoption of non-mandatory requirements:**

The Company has complied with all the mandatory requirements as applicable to the Company and following non-mandatory requirements as specified in Part E of Schedule II of the Listing Regulations:

- i) The Company has separate persons as its Chairperson and the Managing Director;
- ii) The non-executive Chairperson maintains her office at the Company’s expense and is allowed reimbursement of expenses incurred in performance of her duties;
- iii) The Company follows the regime of financial statements with unmodified audit opinion;
- iv) The internal auditors of the Company report directly to the Audit Committee.

**11.6. Subsidiary Company:**

The Company does not have any subsidiary company. However, a policy on material subsidiaries has been formulated by the Company and posted on the website of the Company at [www.morarjee.com](http://www.morarjee.com).

**11.7. Details of utilization of funds raised through preferential allotment or qualified institutions placement:**

The Company did not raise any funds through preferential allotment or qualified institutions placement during the Financial Year 2021-22.

### 11.8. Certificate on non-disqualification of Directors:

Certificate from Ms. Kala Agarwal, Practicing Company Secretary, (Membership No. 5976, COP No. 5356), confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/ Ministry of Corporate Affairs or any other statutory authority, is annexed to this Report.

11.9. There were no instances where the recommendations made by any of the Statutory Committees were not accepted by the Board.

11.10. Total fees paid to statutory auditor for all services rendered on consolidated basis by listed entity and its subsidiaries

Total fees paid to M/s. Haribhakti & Co. LLP, Statutory Auditors of the Company are as follows:

Sr. No.	Particulars	Fees (₹)
1.	Statutory Audit	18,50,000/-
2.	Tax Audit	3,00,000/-
3.	Other Certification	1,00,000/-
4.	Out of Pocket Expenses	68,500/-
<b>Total</b>		<b>23,18,500/-</b>

### 11.11 Disclosure in relation to Sexual Harassment of Women at workplace:

The details as required under this heading are furnished in the Directors' Report.

### 11.12 Unclaimed/ Unpaid Dividend

The due dates for transfer of unclaimed dividend amount to be transferred to Investor Education & Protection Fund (IEPF) are as under:

Financial Year	Date of Declaration	Date of Payment	Due date on which dividend will be transferred to IEPF
31.03.2015	26.08.2015	27.08.2015	30.10.2022
31.03.2016	27.07.2016	28.07.2016	01.10.2023
31.03.2017	22.08.2017	24.08.2017	27.10.2024

The shareholders may claim the share and dividend from the IEPF authority upon following the procedure mentioned in the relevant Rules, which are available at [www.iepf.gov.in](http://www.iepf.gov.in). It may be noted that from the Financial Year ended March 31, 2018 onwards, the Company has not declared any dividend, in view of losses posted by the Company.

### 11.13. Investor Helpdesk:

Share transmissions, dividend payments and all other investor related activities are attended to and processed at the office of the Share Transfer Agent, Freedom Registry Limited. For lodgment of transmission deeds and other documents or for any grievance/ complaints, shareholders/ investors may contact Share Transfer Agent, Freedom Registry Limited at the address mentioned above. Any queries relating to share transfers, dividend payments, annual report, etc. may also be emailed at [corporatesecretarial@ashokpiramalgroup.com](mailto:corporatesecretarial@ashokpiramalgroup.com).

## 12. Details of Shares in Suspense Account:

Sr. No.	Particulars	Status
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year as on April 1, 2021	Nil
2	Number of shareholders who approached issuer for transfer of shares from suspense account during the year 2021-2022	Nil
3	Number of shareholders to whom shares were transferred from suspense account during the year 2021-2022	Nil
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year March 31, 2022	Nil

**For Morarjee Textiles Limited**

Sd/-

Chairperson

Date: 19<sup>th</sup> May, 2022

Place: Mumbai

## **Independent Auditor's Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To The Members of

### **Morarjee Textiles Limited**

1. This Certificate is issued in accordance with the terms of our engagement letter dated August 05, 2021.
2. We have examined the compliance of conditions of Corporate Governance by Morarjee Textiles Limited ('the Company'), for the year ended on March 31, 2022, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

### **Management's Responsibility**

3. The Management is responsible for ensuring that the Company complies with the conditions of Corporate Governance. This responsibility also includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

### **Auditor's Responsibility**

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We conducted our examination in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.

### **Opinion**

8. Based on our examination, as above, and to the best of the information and explanations given to us and representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2022.
9. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### **Restriction on Use**

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this certificate for any event or circumstances occurring after the date of this certificate.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.103523W / W100048

Sd/-  
**Sumant Sakhardande**  
Partner  
Membership No. 034828  
UDIN 22034828AJGTP7570

Mumbai: May 19, 2022

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members,

**MORARJEE TEXTILES LIMITED**

Peninsula Corporate Park, Unit 5,  
Ground Floor, Tower 1, Wing B,  
Ganpatrao Kadam Marg, Lower Parel  
Mumbai 400013

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Morarjee Textiles Limited having CIN L52322MH1995PLC090643 and having registered office at Peninsula Corporate Park, Unit 5, Ground Floor, Tower 1, Wing B, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name Of Director	DIN	Date Of Appointment In Company
1.	Ms. Urvi A. Piramal	00044954	01/02/2005
2.	Mr. Harshvardhan A. Piramal	00044972	01/06/2004
3.	Mr. Mahesh S. Gupta	00046810	19/01/2006
4.	Lt. Gen. Ajay Kumar Singh	07698288	08/02/2017
5.	Mr. Archit Mohan Jayakar	01904013	29/01/2020
6.	Ms. Alpana Samir Chinai	00136144	19/12/2019
7.	Mr. Devesh Harishchandra Dadheech	01656629	26/06/2020
8.	Mr. Amresh Narayan	09302625	02/09/2021

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

**Kala Agarwal**

Practising Company Secretary

Certificate of Practice Number: 5356

Membership Number: 5976

UDIN: F005976D000342015

Place: Mumbai

Date: 18<sup>th</sup> May, 2022



## CERTIFICATE OF CEO & CFO

To,  
The Board of Directors  
Morarjee Textiles Limited

Sub: Compliance Certificate under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015

We, the undersigned, in our respective capacities as Whole Time Director & CEO and Chief Financial Officer of Morarjee Textiles Limited ("the Company"), to the best of our knowledge and belief certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2022 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee that:
  - i. no significant changes in internal control over financial reporting during the year;
  - ii. no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-  
**Amresh Narayan**  
Whole Time Director & CEO

Sd/-  
**Naveen Kumar Dadi**  
Chief Financial Officer

Place: Mumbai  
Date: 01.04.2022

### Declaration regarding Compliance by Board Members and Senior Managerial Personnel with the Companies Code of Conduct

To,  
The Members  
**Morarjee Textiles limited**

### Declaration by the Whole Time Director & CEO under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, Amresh Narayan, Whole Time Director & CEO & Director of Morarjee Textiles Limited, hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management, for the year ended 31<sup>st</sup> March, 2022.

Sd/-  
**Amresh Narayan**  
Whole Time Director & CEO

Place: Mumbai  
Date: 01.04.2022

# Management Discussion & Analysis

## Overview: Global Economy:

Description: Global growth is expected to moderate from 5.9 in 2021 to 4.4 per cent in 2022—half a percentage point lower for 2022 than in the October World Economic Outlook (WEO), largely reflecting forecast markdowns in the two largest economies. A revised assumption removing the Build Back Better fiscal policy package from the baseline, earlier withdrawal of monetary accommodation, and continued supply shortages produced a downward 1.2 percentage-points revision for the United States. In China, pandemic-induced disruptions related to the zero-tolerance COVID-19 policy and protracted financial stress among property developers have induced a 0.8 percentage-point downgrade. Global growth is expected to slow to 3.8 per cent in 2023.

The war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. At the same time, economic damage from the conflict will contribute to a significant slowdown in global growth in 2022 and add to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest. Global growth is projected to slow from an estimated 6.1 per cent in 2021 to 3.6 per cent in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than projected in January. Beyond 2023, global growth is forecast to decline to about 3.3 per cent over the medium term. War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7 per cent in advanced economies and 8.7 per cent in emerging market and developing economies—1.8 and 2.8 percentage points higher than projected last January. Multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change, and end the pandemic are essential.

## Textile Industry:

India is one of the largest producers of textiles. It provides direct employment to 51 million people and indirectly 68 million. Due to changing government policies at the state and central government levels because of which major challenges are arising in the textile industry. The tax structure GST (Goods and Service Tax) makes the garments expensive. Another important threat is raising interest rates and labour wages and workers' salaries at the hubs of textile garment industries all over India at places such as Bangalore, Mumbai, Tirupur, and New Delhi. These manufacturers have the ability to produce the entire range of woven wear and knitwear at a low cost with reasonably good quality. The Indian textile industry has its own limitations such as access

to the latest technology and failures to meet global standards in the highly competitive export market. Countries like China, Bangladesh and Sri Lanka give fierce competition in low price garment market. The formulation of policy, planning, development, export promotion and regulation of the textile industry in India is administered under the Ministry of Textile, Government of India.

## Challenges of Textile Industry:

- Shortage in supply of raw materials;
- Increase in the cost of raw materials;
- Environmental problems;
- Infrastructure bottlenecks;
- Impact of GST;
- Shortage of labourer's due to a mass return;
- The decline in Apparel export.

Shortage in supply of raw materials: Because of pollution issues some unit of china and Europe has been shut down due to which rise in the prices of basic raw material has resulted and there are many other factors like weather, crop quality etc. which are influencing the raw material supply.

Increase in cost of raw material: Unpredictable market conditions, weather, policies etc. have resulted in an increase in raw material costs.

Environmental problems: Environmental compliance often isn't at the top of textile and garment importers' concerns.

Infrastructure bottlenecks: The low quality of India's infrastructure continues to lag behind that of many other Asian countries.

## The key advantages of the Indian Textile industry are:

- India is among the world's largest producers of Textiles and Apparel. The domestic apparel & textile industry in India contributes 5% to the country's GDP, 7% of industry output in value terms, and 12% of the country's export earnings;
- It is the industry in the country which is self-reliant and complete in the value chain i.e. from raw material to highest value added products;
- India is the largest producer of cotton with the largest area under cotton cultivation in the world. It has an edge in low cost cotton sourcing compared to other countries;
- Average wage rates in India are 50-60 per cent lower than that in developed countries, thus enabling India to benefit from global outsourcing trends in

labour intensive businesses such as garments and home textiles;

- Design and fashion capabilities are key strengths that will enable Indian players to strengthen their relationships with global retailers and score over their Chinese competitors. Production facilities are available across the textile value chain, from spinning to garments manufacturing. The industry is investing in technology and increasing its capacities which should prove a major asset in the years to come;
- Large Indian players such as Arvind Mills, Welspun India, Vardhman textiles, Raymond, Trident to name a few have established themselves as 'quality producers' in the global market. This recognition would further enable India to leverage its position among global retailers. India has gathered experience in terms of working with global brands and this should benefit Indian vendors;
- Robust demand: Cotton production in India is projected to reach 7.2 million tonnes (~43 million bales of 170 kg each) by 2030, driven by increasing demand from consumers. Exports of cotton yarns/fabs./made-ups/handloom products stood at US\$ 8.6 billion between April 2021 and October 2021;
- Competitive advantage: Abundant availability of raw materials such as cotton, wool, silk and jute;
- Policy support: In October 2021, the government approved a scheme worth Rs. 4,445 crore (US\$ 594.26 million) to establish seven integrated mega textile parks and boost textile manufacturing in the country;
- Increasing Investments: Huge funds in schemes such as Integrated Textile Parks (SITP) (US\$ 184.98 million) and Technology upgradation Fund Scheme (US\$ 961.11 million) released by Government during 2015-16 to 2019-20 to encourage more private equity and provide employment.

#### **Outlook:**

The revenue generated by the global apparel market is steadily increasing over the course of the observed time period. The global apparel market size is expected to grow from \$551.36 billion in 2021 to \$605.4 billion in 2022 at a compound annual growth rate (CAGR) of 9.8%. The apparel market is expected to grow to \$843.13 billion in 2026 at a CAGR of 8.6%.

#### **The Indian textiles market is expected to be worth more than US\$ 209 billion by 2029:**

The apparel market encompasses every kind of clothing, from sportswear to business wear, from value clothing to statement luxury pieces. After difficulties in 2020, during the coronavirus pandemic, when sales across the apparel industry took a hit, the global demand for clothing and shoes is set to rise again. The countries that account for the majority of this apparel demand are the United States and China, both generating substantially higher revenues than any other country. It is perhaps no surprise that the same two countries play a significant role in international trade. China leads the rankings for the highest value of apparel exports. The U.S. is second only to the EU in the value of apparel imports.

Increasing demand for online shopping is expected to help the apparel manufacturing market grow. Manufacturers can now sell their products on a larger platform than before, which will increase their customer base geographically driving the growth of the apparel manufacturing market. In countries, such as India, for instance, e-commerce portals have boosted the sales of traditional garments by giving larger exposure to producers who were confined to one geography where the weaving community was located.

Along with digitalization, another key apparel industry trend is sustainability. More consumers are concerned about the future of the planet and are putting pressure on fashion brands that do not have eco-friendly practices.

#### **Risk Management:**

Risks are inherent in all businesses. The challenge for the Company is to effectively and responsibly manage and control the risks on a sustained basis to enhance returns.

#### **Industry Risk:**

The demand for textiles is perennial and major fluctuations occur largely due to changes in overall economic growth and manufacturing competitiveness.

However, the business is cyclical on the supply side considering the quantum of capital investment involved in capacity expansion. This makes it necessary for the Company to incur large capital expenditure at the right time.

#### **Risk Mitigation:**

Morarjee has consistently invested funds in its manufacturing plant to bring them in line with the latest technology. This prudence is reflected in the enhanced market presence due to higher production and improved quality at a lower cost of production.

**Raw Material Risk:**

The company is exposed to the vagaries of nature, with cotton being the principal raw material for fabric manufacturing.

**Risk Mitigation:**

Procurement of raw cotton at right price remains crucial. The Company covers its cotton requirements from time to time through the domestic and international markets. The Company also seeks out alternative cotton varieties and blends to increase its raw material basket. Thus, this enables an in built risk mitigation for cotton price fluctuation.

**Product Substitution Risk:**

Man Made Fibres are a direct substitute for cotton textiles.

**Risk Mitigation:**

The company specialises in producing the best quality cotton fabrics, which are at par with the highest global quality standards and has created a niche positioning with products which cater to high-end customers. The company also produces high quality printed cotton fabric.

**Financial Snapshot:****Standalone:**

(₹ in Lakhs)		
Particulars	Year Ended 31.03.2022	Year Ended 31.03.2021
Income	27,351	19,505
EBITDA	723	384
% to income	2.64%	1.97%
Interest	7,246	5,455
Depreciation	2,289	2,328
Loss Before Tax	(8,812)	(7,399)
Deferred Tax & MAT	-	(1,236)
Loss After Tax	(8,812)	(6,163)
Other Comprehensive Income (Net of Tax)	(12)	(28)
Total Comprehensive Income	(8,824)	(6,191)

**Consolidated:**

(₹ in Lakhs)		
Particulars	Year Ended 31.03.2022	Year Ended 31.03.2021
Income	27,351	19,505
EBITDA	723	384
% to income	2.64%	1.97%
Interest	7,246	5,455
Depreciation	2,289	2,328
Loss Before Tax	(8,812)	(7,399)
Deferred Tax & MAT	-	(1,236)
Loss After Tax	(8,812)	(6,163)
Share in Profit of Joint Venture	(2)	(4)
Other Comprehensive Income (Net of Tax)	(12)	(28)
Total Comprehensive Income	(8,826)	(6,195)

**KEY FINANCIAL RATIOS:**

Sr.No.	Ratios	2021-22	2020-21	Explanation for significant change
1	Debtor Turnover Ratio (times)	9.7	5.5	Debtor Turnover ratio has improved as the Company was able to secure faster realisation of debtor.
2	Inventory Turnover Ratio(times)	4.2	2.6	Raito has improved as the Company achieved higher revenue incomparision with previous year.
3	Current Ratio (times)	0.5	0.6	Not Applicable
4	Debt Equity Ratio (times)	-	-	Ratio is not calculated as the networkth of the Company is Negative.
5	Interest Coverage Ratio (times)	0.1	0.07	Ratio has improved as there is increase in margins in comparison with previous year.
6	Operating Profit Margin (%)	(5.7)	(10.0)	Margin has improved due to increase in demand for the product resulted in higher Turnover in FY-2022
7	Net Profit Margin (%)	(32.4)	(31.8)	Not Applicable
8	Return on Net Worth (%)	-	-	Ratio is not calculated as the networkth of the Company is Negative.

**Internal control systems & their adequacy:**

The Company has proper and adequate systems of Internal Control to ensure that all the assets are safeguarded from loss, damage or disposition. Checks & balances are in place to ensure that transactions are adequately authorised and recorded and that they are reported correctly. The Board of Directors considers internal controls as adequate.

**Human Resource:**

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business.

The company's belief is that its people are the primary source of its competitive advantage and consistently puts emphasis on Human Resources Development, which remains vital and strategic to the company. The Company is committed to nurturing, enhancing and retaining talent through Learning & Organizational Development to support the organization's growth and its sustainability in the long run.

Cordial employee relations, in keeping with tradition, are being pursued vigorously. Industrial relations have continued to be harmonious throughout the year. This has been

possible by creating a performance driven culture against the backdrop of care and concern for all employees. Objective appraisal systems based on Key Result Areas (KRAs) are in place.

**Cautionary Statement:**

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions maybe forward looking statements within the meaning of applicable laws or regulations. These statements are based on certain assumptions and reasonable expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand– supply conditions, finished goods prices, raw materials cost & availability, changes in Government regulations and tax structure, economic developments within India and the Countries with which the Company has business contacts and other factors such as litigation and industrial relations. The Company assumes no responsibility in respect of the forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.



# Independent Auditor's Report

To the Members of  
**Morarjee Textiles Limited**

Report on the Audit of the Standalone Ind AS Financial Statements

## **Opinion**

We have audited the accompanying standalone Ind AS financial statements of Morarjee Textiles Limited ("the Company"), which comprise the Balance Sheet as at March 31, 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 standalone Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state of affairs of the Company as at March 31, 2022, its loss (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

## **Basis for Opinion**

We conducted our audit in accordance with 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 Standalone Ind AS 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and 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 on the standalone Ind AS financial statements.

## **Material Uncertainty Related to Going Concern**

We draw attention to Note 48(ii) in the standalone Ind AS financial statements, which indicates that the Company has incurred a net loss after tax of Rs. 8,811 lakhs, including cash losses, during the year ended March 31, 2022 and as of that date, the Company's accumulated losses amount to Rs. 17,489 lakhs, resulting in complete erosion of the net worth of the Company. Further, there have been continuous delays and defaults in repayment of debt obligations leading to classification of Company's debt as non-performing by the lenders. These conditions along with other matters as set forth in the said note indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The Company had submitted a debt restructuring plan to consortium of lenders and certain measures have been put in place. With the successful implementation of debt restructuring plan along with other strategic initiatives, the management has a reasonable expectation that the Company would have ability and adequate resources to continue its operational existence for the foreseeable future and therefore, the standalone Ind AS financial statements have been prepared on going concern basis.

Our opinion is not modified in respect of this matter.

## **Emphasis of Matter**

We draw attention to the following matters in the notes to the standalone Ind AS financial statements:

1. Note 47 to the standalone Ind AS financial statements, which describes the uncertainties and the management's assessment of the financial impact on the Company due to COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon the circumstances as they evolve in the subsequent period.
2. Note 12 to the standalone Ind AS financial statements, regarding carry forward of GST input tax credit amounting to Rs 4,362 lakhs as on March 31, 2022 for the reason stated in the said note.
3. Note 35(i) to the standalone Ind AS financial statements, regarding MAT Credit Entitlement amounting to Rs 3,041 lakhs as on March 31, 2022 which is based on the

judgment of the management that the MAT credit would be fully utilized against future tax liability.

Our opinion is not modified in respect of these matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current year.

These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern Section above, we have determined the matter described below to be the key audit matter to be communicated in our report.

Sr. No.	Key audit matter	How our audit addressed the key audit matter
1.	<p><b><u>Valuation of Inventory (Refer Note 7 to Standalone Financial Statements):</u></b></p> <p>Total inventory valuation as on March 31, 2022 is Rs 6,644 lakhs (March 31, 2021: Rs 6,398 lakhs)</p> <p>Inventory of Company comprises of finished goods, Work in Progress (WIP), Raw Material and Consumables. As described in Note 7 to the standalone Ind AS financial statements, cost of Inventory represents the costs of materials, conversion cost and related production costs at each stage till date. It is held at the lower of cost and net realisable value (NRV). Some of the finished goods and WIP (Grey Cloth) are slow moving.</p> <p>Considering the materiality of the amount involved and degree of management judgment in valuation, we have identified valuation of inventory as a key audit matter for the current year audit.</p>	<p><u>Our audit procedures in respect of this area included but not limited:</u></p> <p>We understood and tested the design and operating effectiveness of controls as established by the management for valuation of inventory and identifying slow moving inventory and determination of net realizable value of inventory as on date. We observed the physical inventory verification procedures carried out by the management as at the year end. We performed year end cut-off procedures to validate the actual stocks carried in the inventory as at year end. We tested the adequacy of the key assumptions and estimates used to determine cost allocation at each stage of production and consistency in such allocation including mathematical accuracy of the calculations. We performed NRV testing by comparing subsequent sale/order value. We also evaluated judgment used by the management for arriving at the diminution in value of slow moving inventory.</p> <p>The above audit procedures enabled us to conclude on the valuation of inventory held by the Company as on the date of Balance Sheet.</p>

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion & Analysis, Corporate Governance and Director's Report, but does not include the standalone Ind AS financial statements, consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

### Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 this standalone Ind AS 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 standalone Ind AS 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS 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 standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

- (1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we report in "Annexure 1", 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 standalone Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. The matter described under the Material Uncertainty Related to Going Concern and Emphasis of Matter section above, in our opinion, may have an adverse effect on the functioning of the Company;
- f. On the basis of the written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act;
- g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";
- h. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act;
- i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 37 on Contingent Liabilities to the standalone Ind AS financial statements;
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
  - (iv) (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the

standalone Ind AS financial statements, no funds 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;

- (iv) (b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the standalone Ind AS financial statements, no funds 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;
- (iv) (c) Based on the audit procedures that are considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The Company has not declared nor paid any dividend during the year. Hence, reporting the compliance with section 123 of the Act is not applicable.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

**Sumant Sakhardande**

Partner

Membership No. 034828

UDIN: 22034828AJGTDQ7178

Place: Mumbai

Date: May 19, 2022



## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of Morarjee Textiles Limited ("the Company") on the standalone Ind AS financial statements for the year ended March 31, 2022]

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- (a) (B) The Company has maintained proper records showing full particulars of Intangible Assets.
- (b) During the year, the Property, Plant and Equipment of the Company have been physically verified by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) Based on the examination of the property tax receipts and lease agreement for land on which building is constructed, we report that, the title in respect of self-constructed buildings and the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of lessee), disclosed in the standalone Ind AS financial statements are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and Intangible Assets during the year. Accordingly, reporting under clause (i)(d) of paragraph 3 of the Order is not applicable.
- (e) No proceedings have been initiated or are pending against the Company as at March 31, 2022 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year end, these have been substantially confirmed by them. In our opinion, the coverage and procedure of such verification by the management is appropriate. No discrepancies were noticed on physical verification carried out during the year.
- (b) The Company has not obtained any sanctioned working capital limit during the year, from banks and/or financial institutions, on the basis of security of current assets. Therefore, reporting under clause (ii)(b) of paragraph 3 of the Order is not applicable.
- (iii) During the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, reporting under clause (iii) of paragraph 3 of the Order is not applicable.
- (iv) The Company has complied with the provisions of section 186 of the Act. The provisions of section 185 of the Act are not applicable to the Company. Further, the Company has not given any loan or provided any guarantees or securities.
- (v) In our opinion, the Company has not accepted any deposits or amounts which are deemed to be deposits. Accordingly, reporting under clause (v) of paragraph 3 of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Act and rules thereunder. We have broadly reviewed such records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including Goods and Services tax (GST), provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it, though there has been a slight delay in a few cases. During the year 2017-18, sales tax, value added tax, service tax and duty of excise subsumed in GST and are accordingly reported under GST.

No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, GST, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.



- (b) The dues outstanding with respect to provident fund, employees' state insurance, income tax, GST, sales tax, service tax, value added tax, customs duty, excise duty and cess, on account of any dispute, are as follows:

#### Statement of Disputed Dues

Name of the statute	Nature of the dues*	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Central Excise Act, 1944	Excise Duty	6.22	FY 1979-80 to FY 1985-86	Commissioner of Income Tax (Appeals)	None
		0.09	FY 1990-91		
		146.49	FY 1993-94 to FY 1995-96		
		218.61	FY 1999-00 to FY 2001-02		
Central Excise Act, 1944	Excise Duty	2.10	FY 1990-91 to FY 1991-92	CESTAT	None
		438.27	FY 1995-96 to FY 2002-03		
Central Excise Act, 1944	Excise Duty	3.19	FY 1997-98 to FY 2001-02	High Court	None
Central Excise Act, 1944	Excise Duty	111.63	FY 2008-09 to FY 2009-10	High Court Nagpur	None
Central Excise Act, 1944	Excise Duty	296.14	FY 1981-84	Supreme Court	None
Maharashtra Value Added Tax Act, 2002	Sales Tax	1.95	FY 2006-07	Joint Commissioner of Sales Tax (Appeals)	None

\*Includes amounts of interest and penalty, where ascertainable.

- (viii) We have not come across any transaction which were previously not recorded in the books of account of the Company that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender, except for the details given below:

Nature of Borrowing including debt securities	Name of lender	Amount not paid on due date (Rs. In lakhs)	Whether principal or interest	No of days delay or unpaid*	Remarks if any
Term loan	Axis Bank Limited	2,425.27	Principal	1 to 548 days	Not yet paid
		1,011.54	Funded Interest Term Loan	397 to 607 days	Not yet paid
		2,622.90	Interest	1 to 548 days	Not yet paid
Term loan	Tata Capital Financial Services Limited	2,857.00	Principal	547 days	Not yet paid
		525.47	Interest	31 to 577 days	Not yet paid
Term loan	Federal Bank Limited	939.95	Principal	577 to 610 days	Not yet paid
		382.86	Interest	1 to 610 days	Not yet paid
Term loan	Kotak Mahindra Bank Limited	1,953.72	Principal	1 to 701 days	Not yet paid
		742.84	Interest	31 to 639 days	Not yet paid

\*Refer Note 48(i) of standalone Ind AS financial statements on debt restructuring plan submitted by the Company.

- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not obtain any money by way of term loans during the year. Accordingly, reporting under clause (ix)(c) of paragraph 3 of the Order is not applicable.
- (d) On an overall examination of the standalone Ind AS financial statements of the Company, no funds raised on short-term basis have, been used for long-term purposes by the Company.
- (e) On an overall examination of the standalone Ind AS financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, as defined under the Act.
- (x) (a) The Company has not raised money by way of initial public issue offer/further public offer (including debt instruments) during the year. Therefore, reporting under clause (x)(a) of paragraph 3 of the Order is not applicable.

- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, reporting under clause (x)(b) of paragraph 3 of the Order is not applicable.
- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company nor any fraud on the Company has been noticed or reported during the year, nor have we been informed of any such instance by the management.
- (b) No report under section 143(12) of the Act has been filed with the Central Government by the auditors of the Company in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, during the year or upto the date of this report.
- (c) There are no whistle blower complaints received by the Company during the year and upto the date of this report.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- (xiii) All transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the Internal Audit Reports of the Company issued till date, for the period under audit.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, reporting under clause (xvi)(a) and (b) of paragraph 3 of the Order are not applicable.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without having a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company (CIC) as defined in Core Investment Companies (Reserve Bank) Directions, 2016 ("Directions") by the Reserve Bank of India. Accordingly, reporting under clause (xvi)(c) and (d) of paragraph 3 of the Order are not applicable.
- (d) As informed by the Company, the Group to which the Company belongs has no CIC as part of the Group.
- (xvii) The Company has incurred cash losses for the current and the immediately preceding financial year amounting to Rs. 6,444.45 Lakhs and Rs. 4,901.14 Lakhs respectively.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly, reporting under clause (xviii) of paragraph 3 of the Order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone Ind AS financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, we believe that material uncertainty exists on account of accumulated losses, complete erosion of net worth of the Company and continuous delays and defaults in repayment of debt obligations leading to classification of Company's debt as non-performing by the lenders as on the date of this audit report and due to which the Company may not be capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to date of the audit report. We further draw attention to paragraph 'Material Uncertainty in relation to Going Concern' in our main audit report of even date regarding the applicability of the going concern assumption.
- (xx) The provisions of section 135 of the Act are not applicable to the Company. Hence, reporting under clause (xx) of paragraph 3 of the Order is not applicable.

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

**Sumant Sakhardande**

Partner

Membership No. 034828

UDIN: 22034828AJGTDQ7178

Place: Mumbai

Date: May 19, 2022

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of Morarjee Textiles Limited on the standalone Ind AS financial statements for the year ended March 31, 2022]

### **Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

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

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

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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 with reference to financial statements.

### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

**Sumant Sakhardande**

Partner

Membership No. 034828

UDIN: 22034828AJGTDQ7178

Place: Mumbai

Date: May 19, 2022

# Standalone Balance Sheet

as at 31<sup>st</sup> March, 2022

	Note	31.03.2022 ₹ in lakhs	31.03.2021 ₹ in lakhs
<b>ASSETS</b>			
<b>1. Non-current Assets</b>			
a) Property, Plant and Equipment	2	40,864.52	43,072.22
b) Right of use Assets	2	13.43	42.20
c) Intangible Assets	2	98.16	120.55
d) Investment in Joint Venture	3	64.10	64.10
e) Financial Assets			
a) Investments	4	0.89	0.89
b) Other Financial Assets	4	55.56	36.63
f) Deferred Tax Assets (Net)	18	3,041.42	3,041.42
g) Non-current Tax Assets	5	77.56	60.17
h) Other Non-current Assets	6	51.00	51.00
		<u>44,266.64</u>	<u>46,489.18</u>
<b>2. Current Assets</b>			
a) Inventories	7	6,644.02	6,398.11
b) Financial Assets			
i) Trade Receivables	8	2,094.12	3,544.65
ii) Cash and Cash Equivalents	9	1,674.11	488.89
iii) Bank Balances other than (ii) above	10	159.08	167.68
iv) Loans	11	8.10	22.16
c) Other Current Assets	12	7,866.42	8,564.64
		<u>18,445.85</u>	<u>19,186.13</u>
Total Assets		<u>62,712.49</u>	<u>65,675.31</u>
<b>EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
a) Equity Share Capital	13	2,543.26	2,543.26
b) Other Equity	14	(11,861.10)	(3,037.31)
		<u>(9,317.84)</u>	<u>(494.05)</u>
<b>2. Liabilities</b>			
Non-current Liabilities			
a) Financial Liabilities			
i) Borrowings	15	15,579.03	22,879.63
ii) Lease Liabilities	16	-	16.23
b) Provisions	17	419.46	655.15
c) Other Non-current Liabilities	19	1,597.59	1,688.28
		<u>17,596.08</u>	<u>25,239.29</u>
Current Liabilities			
a) Financial Liabilities			
i) Borrowings	20	36,942.39	28,759.84
ii) Lease Liabilities	21	19.93	33.26
iii) Trade Payables	22		
Total Outstanding dues of Micro Enterprises and Small Enterprises		1,118.84	1,460.49
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		6,560.30	6,911.45
iv) Other Financial Liabilities	23	9,098.72	3,315.22
b) Other Current Liabilities	24	512.59	418.38
c) Provisions	25	181.48	31.43
		<u>54,434.25</u>	<u>40,930.07</u>
Total Equity and Liabilities		<u>62,712.49</u>	<u>65,675.31</u>
Significant Accounting Policies	1		
Notes forming part of the Standalone financial statements	2-53		

As per our attached report of even date

For and on behalf of Board of Directors

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI FRN : 103523W / W100048

**Sumant Sakhardande**

Partner

Membership No. 034828

Mumbai : 19th May, 2022

**Urvi A. Piramal**

(DIN 00044954)

Chairperson

**Alpana Chinai**

(DIN 00136144)

Director

**Harshvardhan A. Piramal**

(DIN 00044972)

Executive Vice Chairman

**Archit Jayakar**

(DIN 01904013)

Director

**Amresh Narayan**

(DIN - 09302625)

Director & CEO

**Devesh Dadheech**

(DIN - 01656629)

Director

**Mahesh S. Gupta**

(DIN 00046810)

Director

**Naveen Kumar Dadi**

Chief Financial Officer

**Lt.Gen.A.K.Singh (Retd.)**

(DIN 07698288)

Director

**Nishthi H. Dharmani**

Company Secretary

# Standalone Statement of Profit & Loss

for the year ended 31<sup>st</sup> March, 2022

	Note	31.03.2022	31.03.2021
		₹ in lakhs	₹ in lakhs
<b>INCOME</b>			
Revenue from Operations	26	27,233.19	19,388.65
Other Income	27	117.58	116.11
Total Income		27,350.77	19,504.76
<b>EXPENSES</b>			
Cost of Materials Consumed	28	11,582.71	5,747.89
Changes in Inventories of Work-in-Progress and Finished Goods	29	4.32	1,667.30
Manufacturing Expenses	30	10,605.47	7,285.43
Employee Benefits Expense	31	2,820.58	2,396.76
Administrative, Selling and Other Expenses	32	1,614.47	2,023.56
Finance Costs	33	7,246.32	5,454.72
Depreciation and Amortisation Expenses	2	2,288.47	2,327.89
Total Expenses		36,162.34	26,903.55
(Loss) before Tax		(8,811.57)	(7,398.79)
Tax Expense	35		
- Current Tax (Minimum Alternate Tax)		-	-
- Deferred Tax (Net of MAT Credit Entitlement)		-	(1,236.26)
Total Tax Expense		-	(1,236.26)
(Loss) for the year		(8,811.57)	(6,162.53)
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
Remeasurement of Defined Benefit Obligation	34	(12.22)	(39.18)
(ii) Income Tax relating to items that will not be reclassified to profit or loss	35	-	10.90
Total Other Comprehensive Income		(12.22)	(28.28)
Total Comprehensive Income for the year		(8,823.79)	(6,190.81)
Earning Per Equity Share - Basic and Diluted (₹)	52	(24.25)	(16.96)
(Face value ₹ 7/-each)			
Significant Accounting Policies	1		
Notes forming part of the Standalone financial statements	2-53		

As per our attached report of even date

For and on behalf of Board of Directors

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI FRN : 103523W / W100048  
**Sumant Sakhardande**  
Partner  
Membership No. 034828  
Mumbai : 19th May, 2022

**Urvi A. Piramal**  
(DIN 00044954)  
Chairperson  
**Alpana Chinai**  
(DIN 00136144)  
Director

**Harshvardhan A. Piramal**  
(DIN 00044972)  
Executive Vice Chairman  
**Archit Jayakar**  
(DIN 01904013)  
Director

**Amresh Narayan**  
(DIN - 09302625)  
Director & CEO  
**Devesh Dadheech**  
(DIN - 01656629)  
Director

**Mahesh S. Gupta**  
(DIN 00046810)  
Director  
**Naveen Kumar Dadi**  
Chief Financial Officer

**Lt.Gen.A.K.Singh (Retd.)**  
(DIN 07698288)  
Director  
**Nishthi H. Dharmani**  
Company Secretary



# Standalone Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2022

## (a) Equity Share Capital (Refer Note no. 13)

Particulars	₹ in lakhs	
	Year ended 31.03.2022	Year ended 31.03.2021
Balance at the beginning of the year	2,543.26	2,543.26
Changes in equity share capital during the year	-	-
Balance at the end of the year	2,543.26	2,543.26

## (b) Other Equity (Refer Note no. 14)

Particulars	Reserve & Surplus		Total
	General Reserve	Retained Earnings	
Balance as at 1st April, 2020	5,627.91	(2,474.41)	3,153.50
(Loss) for the year	-	(6,162.53)	(6,162.53)
Other Comprehensive Income for the year (Remeasurement of Defined Benefit Obligation - Net of Tax)	-	(28.28)	(28.28)
Balance as at 31st March, 2021	5,627.91	(8,665.22)	(3,037.31)
(Loss) for the year	-	(8,811.57)	(8,811.57)
Other Comprehensive Income for the year (Remeasurement of Defined Benefit Obligation - Net of Tax)	-	(12.22)	(12.22)
Balance as at 31st March, 2022	5,627.91	(17,489.01)	(11,861.10)

As per our attached report of even date

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI FRN : 103523W / W100048  
**Sumant Sakhardande**  
Partner  
Membership No. 034828  
Mumbai : 19th May, 2022

**Urvi A. Piramal**  
(DIN 00044954)  
Chairperson  
**Alpana Chinai**  
(DIN 00136144)  
Director

**Harshvardhan A. Piramal**  
(DIN 00044972)  
Executive Vice Chairman  
**Archit Jayakar**  
(DIN 01904013)  
Director

For and on behalf of Board of Directors

**Amresh Narayan**  
(DIN - 09302625)  
Director & CEO  
**Devesh Dadheech**  
(DIN - 01656629)  
Director

**Mahesh S. Gupta**  
(DIN 00046810)  
Director  
**Naveen Kumar Dadi**  
Chief Financial Officer

**Lt.Gen.A.K.Singh (Retd.)**  
(DIN 07698288)  
Director  
**Nishthi H. Dharmani**  
Company Secretary

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

## Company Overview

Morarjee Textiles Limited ("the Company") is a public limited company, incorporated and domiciled in India which mainly deals in manufacture of yarn and fabric. The registered office of the Company is located at, Peninsula Corporate Park, Unit 5, Ground Floor, Tower 1, Wing B, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The standalone financial statements for the year ended 31st March, 2022 were approved by the Board of Directors and authorized for issue on 19th May, 2022

## Note 1: Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these Ind AS financial statements except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

Pursuant to amendment to the Schedule III of the Companies Act, 2013 issued by the Ministry of Corporate Affairs; following Balance Sheet line items in the previous year have been regrouped:

- a. Security deposits - earlier disclosed under the head of 'Loans' are shown under 'Other Financial Assets'
- b. Current portion of long-term borrowings - earlier disclosed under the head of 'Other Financial Liabilities' is shown under 'Borrowings'.

Other new disclosures are given together with related notes.

### (a) Basis of Preparation of Financial Statements

#### (i) Statement of Compliance with Indian Accounting Standards (Ind AS)

These financial statements comply, in all material respects, with Ind AS notified under section 133 of the Companies Act, 2013 ("the Act"), Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act and other accounting principles generally accepted in India. The financial statements are prepared on accrual and going concern basis.

#### (ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

- a) Certain financial assets and liabilities that are measured at fair value
- b) Derivative financial instruments

#### (iii) Functional and Presentation Currency

These financial statements are presented in Indian Rupees, which is also the functional currency of the Company. All financial information presented in Indian Rupees has been rounded off to two decimals in lakhs.

#### (iv) Current and Non-current Classification

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle (Twelve months) and other criteria set out in Schedule III to the Act.

### (b) Property, Plant and Equipment (PPE) and Depreciation

All items of PPE are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost includes its purchase price including non-refundable taxes and duties, directly attributable costs of bringing the asset to its present location and condition and initial estimate of costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the carrying amount of PPE or recognised as a separate PPE, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Machinery spares and servicing equipment are recognised as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory.

Capital work-in-progress includes cost of PPE under installation / under development as at the Balance Sheet date.

The Company depreciates its PPE over the useful life in the manner prescribed under Part C of Schedule II to the Act. Depreciation commences when the assets are ready for their intended use and is computed on pro-rata basis from the date of installation/ acquisition till the date of sale/ disposal. Management believes that useful life of assets are same as those prescribed in Schedule II to the Act, except for machinery spares wherein based on technical evaluation, useful life has been estimated to be different from that prescribed in Schedule II of the Act. Useful life considered for calculation of depreciation for machinery spares varies from 2 to 10 years. Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition.

Leasehold PPE are amortised over the period of lease or useful life, whichever is lower. Leasehold land (under Finance Lease) is amortised over the period of lease.

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount. These are included in the Statement of Profit and Loss.

## **(c) Intangible Assets and Amortisation**

Intangible assets that are acquired by the Company, which have finite useful lives are measured at cost less amortisation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost includes its purchase price including non-refundable taxes and duties, directly attributable costs of bringing the asset to its present location and condition.

Intangible assets are amortised on straight line basis over the estimated useful life.

Useful life considered for amortisation of intangible assets being computer Software is 10 years.

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount. These are included in the Statement of Profit and Loss.

## **(d) Leases**

At inception of a contract, company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **Where the Company is Lessee**

At the Inception, lessee shall recognise and measure Right-of-use asset and lease liability at cost. Right of use assets shall comprise initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease liability is the present value of the lease payments that are not paid. These lease payments shall be discounted using the interest rate implicit in the lease (if readily determined) otherwise should be discounted at lessee's incremental borrowing rate.

If the lease contract transfers ownership of the underlying asset, at the end of the lease term or if, the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, then depreciate the right-of-use asset over the useful life of the underlying asset. Otherwise, depreciate the right-of-use asset till the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier.

The lease term as the non-cancellable period of a lease, together with both: (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Subsequently, lessee shall measure the right-of-use asset applying a cost model.

**(e) Borrowing Cost**

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate applicable to the respective borrowing.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use. Other borrowing costs are expensed in the period in which they are incurred.

**(f) Government Grants**

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchase of PPE are included in non-financial liabilities as deferred income and are credited to the Statement of Profit and Loss on straight line basis over the expected lives of related assets and presented within other income.

Government grants relating to an expense item are recognised in the Statement of Profit and Loss by way of a deduction to the related expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

**(g) Financial instruments**

**(i) Financial Assets**

**Initial Recognition and Measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent Measurement**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, as per Ind AS 109.

**a. Subsequent Measurement - Equity Instruments**

All equity investments other than investments in subsidiaries, joint ventures and associates are measured at fair value. Equity investments which are held for trading are classified as FVTPL. For all other equity investments, the Company decides to classify the same either at FVTOCI or FVTPL. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

Investment in equity instruments of subsidiaries, joint ventures and associates are measured at cost.

**b. Subsequent Measurement - Debt Instruments**

A financial asset being debt instrument that meets the following 2 conditions is measured at amortised cost (net off any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

**Business Model Test:** the objective of the Company's model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

**Cash Flow Characteristics Test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

A financial asset that meets the following 2 conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

**Business Model Test:** the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets.

**Cash Flow Characteristics Test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different basis.

All other debt instruments are measured at fair value through profit or loss.

## **Derecognition of Financial Assets**

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset, to another entity.

## **Impairment of Financial Assets**

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and FVTOCI.

For financial assets other than trade receivables, whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, considering historical trend, industry practices and the business environment in which the Company operates or any other appropriate basis.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

## **(ii) Equity and Financial Liabilities**

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

### **a. Equity Instruments**

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

### **b. Financial Liabilities**

#### **Initial Recognition and Measurement**

Financial liabilities are initially recognised at fair value plus any transaction costs that are attributable to the acquisition of the financial liabilities, except for the financial liabilities at FVTPL which are initially measured at fair value.

#### **Subsequent Measurement**

The financial liabilities are classified for subsequent measurement either at amortised cost or at fair value through Profit and Loss (FVTPL).

Amortised cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.



### **Derecognition of Financial Liabilities**

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

### **Derivative Financial Instruments**

Derivative financial instruments such as forward contracts are taken by the Company to hedge its foreign currency risks, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise (other than in case of hedge accounting).

### **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### **(h) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

- Level 1 — Quoted prices in active markets for identical assets or liabilities
- Level 2 — Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 — Inputs for the asset or liability that are not based on observable market data.

#### **(i) Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The cost formula used for determination of cost is 'Weighted Average Cost'.

Machinery spares, stand-by equipment and servicing equipment are recognised as inventory when the useful life is less than one year and the same are charged to the Statement of Profit and Loss as and when issued for consumption.

#### **(j) Income Tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The Company's liability for current tax is calculated using the Indian tax rates and laws that have been enacted by the reporting date. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and provisions where appropriate.

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

## **(k) Provisions and Contingencies**

### **Provisions**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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

### **Contingent Liabilities and Contingent Assets**

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

Contingent assets are not recognised in the financial statements. If the inflow of economic benefits is probable, then it is disclosed in the financial statements.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each Balance Sheet date.

## **(l) Employee Benefits**

### **(i) Short-term Obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

### **(ii) Post-employment Obligations**

The Company operates the following post-employment schemes:

- (a) Defined benefit plan (Gratuity), and
- (b) Defined contribution plans such as superannuation scheme, provident fund.

#### **Defined Benefit Plan**

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually on the basis of actuarial valuation using the Projected Unit Credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefits expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

#### **Defined Contribution Plans**

Defined Contribution Plans such as superannuation scheme, provident fund are charged to the Statement of Profit and Loss as an expense, when an employee renders the related services.

#### **(iii) Other Long-term Employee Benefits**

The liabilities for compensated absences that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the Projected Unit Credit method. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the Balance Sheet if the entity does not have any unconditional right to defer settlement for at least 12 months after the end of the reporting period, regardless of when the actual settlement is expected to occur.

#### **(m) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM monitors the operating results of its business segments separately for the purpose of making decision about the resources allocation and performance assessment. The operating segments have been identified on the basis of the nature of products/ services.

The Board of Directors of the Company has appointed the Whole time Director & CEO as the Chief Operating Decision Maker (CODM) who is assessing the financial performance and position of the Company, and makes strategic decisions.

#### **(n) Cash and Cash Equivalents**

For the purpose of presentation in the Statement of Cash Flows as well as the Balance Sheet, cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **(o) Earnings per Share (EPS)**

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

Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net off any attributable taxes) relating to the dilutive potential equity shares, by

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

## **(p) Non-current Assets Held for Sale**

The Company classifies non-current assets as held sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any expected loss is recognised immediately in the Statement of Profit and Loss.

The criteria for held for sale classification are regarded as met only when the sale is highly probable i.e. an active program to locate a buyer to complete the plan has been initiated and the asset is available for immediate sale in its present condition and the assets must have been actively marketed for sale at a price that is reasonable in relation to its current fair value. Actions required to complete the sale should indicate that it is unlikely that significant changes to that plan to sale these assets will be made. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

PPE and intangible assets once classified as held for sale are not depreciated or amortised. Assets and liabilities classified as held for sale are presented separately as current items in the Balance Sheet.

## **(q) Dividend Distribution to Equity Shareholders**

Dividend distributed to Equity shareholders is recognised as distribution to owners of capital in the Statement of Changes in Equity, in the period in which it is paid. Dividend proposed by the Board of Directors, subject to the approval of shareholders, is disclosed in the notes to financial statements.

## **(r) Foreign Currency Transactions**

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

## **(s) Revenue Recognition**

The Company derives revenues primarily from sale of manufactured goods.

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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable net of discounts, returns and rebates taking into account contractually defined terms and excluding taxes or duties collected on behalf of the government.

### **Sale of Products**

Sales are recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit term is 0 to 180 days on delivery. In determining the transaction price for sale of goods, the company considers the effect of variable consideration, the existence of significant financial components and consideration payable to the customer (if any).

The company provides volume rebates to certain customers once the quantity of product purchased during the period exceeds a threshold limit specified in the contract. The company does not adjust consideration for the effect of a significant financial component, if it expects, at contract inception, that customer pays for those goods within one year. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods.

### **Duty Drawback Scheme/MEIS Scheme**

Export benefits under Duty Drawback Scheme/MEIS/RODTEP Scheme is estimated and accounted in the year of export.

### Interest Income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable effective interest rate.

### Dividend Income

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

### Income from Services

Income from services is recognised (net of taxes as applicable) as they are rendered, based on agreement/arrangement with the concerned customers.

#### (t) Significant Accounting Estimates, Judgements and Assumptions:

The preparation of the Company's financial statements in conformity with Ind AS requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.

In the process of applying the Company's accounting policies, Management has made the following judgements which have significant effect on the amounts recognised in the financial statements:

- i. **Useful Lives of Property, Plant and Equipment:** Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalised. Useful life of tangible assets is based on the life specified in Schedule II of the Act and also as per Management estimate for certain category of assets. Assumption also needs to be made, when the Company assesses, whether as asset may be capitalised and which components of the cost of the assets may be capitalised.
- ii. **Fair Value Measurement of Financial Instruments:** When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/ judgements about these factors could affect the reported fair value of financial instruments.
- iii. **Measurement of Defined Benefit Plan:** The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
- iv. **Impairment of Financial Assets:** Trade receivables are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when Management deems them not collectable. Impairment is made on the expected credit loss model, which is the present value of the cash shortfall over the expected life of the financial assets. The impairment provisions for financial assets are based on assumption about the risk of default and expected loss rates. Judgement in making these assumptions and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.
- v. **Impairment of Non-financial Assets:** The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount.



# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

The company expects to recover full amount related to government subsidies related to interest and capitalisation. Further company also expects to recover/ adjust input tax credit related to GST in future.

- vi. **Contingencies:** Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/ claim/ litigation against the Company as it is not possible to predict the outcome of pending matters with accuracy.
- vii. **Net Realisable Value for Inventory Valuation:** The Company assesses net realisable value considering subsequent realisation, ageing and obsolescence for the purpose of valuation of inventories lower of cost or net realisable value.
- viii. Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories and other assets. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

## 1.1 Recent Pronouncements

The Ministry of Corporate Affairs ("MCA") MCA through a notification of March 23, 2022, introduced the Companies (Indian Accounting Standards) Amendment Rules, 2022 to amend the Companies (Indian Accounting Standards) Rules, 2015 which come into force with effect from April 1, 2022. The following are the amendments:

- i. **Ind AS 103 - Business Combination** The amendment specifies that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. For example, costs the acquirer expects but is not obliged to incur in the future to effect its plan to exit an activity of an acquiree or to terminate the employment of or relocate an acquiree's employees are not liabilities at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method and instead, the acquirer recognises those costs in its post combination financial statements in accordance with other Ind AS. This amendment does not significantly change the requirements of Ind AS 103 and the Company does not expect the amendment to have any significant impact in its financial statements.
- ii. **Ind AS 109 - Financial Instruments** The amendment clarifies that while performing the '10 percent test' for derecognition of a financial liability, for computing the discounted present value of the cash flows under the new terms, for determining fees paid net of fees received, a borrower should include only fees paid or received between borrower and lender, including fees paid or received by either the borrower or lender on the other's behalf. This amendment is under Annual Improvements to Ind AS (2021). The Company does not expect the above amendment/ improvement to have any significant impact on its standalone financial statements.
- iii. **Ind AS 16 - Property Plant and Equipment** The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, is not to be recognised in the profit or loss but is to be deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Company does not expect this amendment to have any impact its recognition of its property, plant and equipment in its standalone financial statements.
- iv. **Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets.** The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both, the incremental costs of fulfilling that contract (examples would be direct labour, materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment also provides for transitional provisions for contracts for which the entity has not yet fulfilled its obligations. The Company does not expect this amendment to have any significant impact in its standalone financial statements.

The amendments to Ind AS 101 - First Time Adoption and Ind AS 41 – Agriculture have not been specified here since both Standards are presently not applicable to the Company.

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022**  
**Note 2 : Property, Plant and Equipment, Right of Use Assets and Intangible Assets**

₹ in lakhs

Particulars	Gross Block			Accumulated Depreciation and Amortisation			Net Block	
	Balance as at 01.04.2021	Additions	Deletion / Adjustments	Balance as at 31.03.2022	Balance as at 01.04.2021	For the year	Deletion / Adjustments	Balance as at 31.03.2022
<b>Property, Plant and Equipment *</b>								
Land - Leasehold	7,159.10	-	-	7,159.10	498.98	96.08	-	595.06
Buildings	13,503.39	1.74	-	13,505.13	2,658.43	548.11	-	3,206.54
Plant and Machinery	32,897.44	10.95	-	32,908.39	7,469.84	1,531.39	-	9,001.23
Computers	45.15	4.53	-	49.68	39.79	5.40	-	45.19
Furniture & Fixture	110.43	2.34	-	112.77	59.00	10.28	-	69.28
Office Equipment	81.02	5.07	-	86.09	69.95	7.48	-	77.43
Motor Vehicles	241.90	-	-	241.90	170.22	33.59	-	203.81
<b>Total - Property, Plant and Equipment (A)</b>	<b>54,038.43</b>	<b>24.63</b>	<b>-</b>	<b>54,063.06</b>	<b>10,966.21</b>	<b>2,232.33</b>	<b>-</b>	<b>13,198.54</b>
<b>Right of Use Assets</b>								
Right of Use Assets	99.74	-	-	99.74	57.54	28.77	-	86.31
<b>Total - Right of Use Assets (B)</b>	<b>99.74</b>	<b>-</b>	<b>-</b>	<b>99.74</b>	<b>57.54</b>	<b>28.77</b>	<b>-</b>	<b>86.31</b>
Intangible Assets								
Computer Software	286.07	4.98	-	291.05	165.52	27.37	-	192.89
<b>Total - Intangible Assets (C)</b>	<b>286.07</b>	<b>4.98</b>	<b>-</b>	<b>291.05</b>	<b>165.52</b>	<b>27.37</b>	<b>-</b>	<b>192.89</b>
<b>Grand Total (A+B+C)</b>	<b>54,424.24</b>	<b>29.61</b>	<b>-</b>	<b>54,453.85</b>	<b>11,189.27</b>	<b>2,288.47</b>	<b>-</b>	<b>13,477.74</b>

\* Charged against borrowings of the Company (Refer Note no. 15 and 20)

₹ in lakhs

Particulars	Gross Block			Accumulated Depreciation and Amortisation			Net Block	
	Balance as at 01.04.2020	Additions	Deletion / Adjustments	Balance as at 31.03.2021	Balance as at 01.04.2020	For the year	Deletion / Adjustments	Balance as at 31.03.2021
<b>Property, Plant and Equipment *</b>								
Land - Leasehold	7,159.10	-	-	7,159.10	402.90	96.08	-	498.98
Buildings	13,503.39	-	-	13,503.39	2,110.34	548.09	-	2,658.43
Plant and Machinery	32,838.59	58.85	-	32,897.44	5,916.20	1,553.64	-	7,469.84
Computers	42.77	2.38	-	45.15	29.86	9.93	-	39.79
Furniture, Fixture and Office Equipments	110.33	0.10	-	110.43	48.64	10.36	-	59.00
Office Equipment	77.37	3.65	-	81.02	57.17	12.78	-	69.95
Motor Vehicles	241.90	-	-	241.90	136.50	33.72	-	170.22
<b>Total - Property, Plant and Equipment (A)</b>	<b>53,973.45</b>	<b>64.98</b>	<b>-</b>	<b>54,038.43</b>	<b>8,701.61</b>	<b>2,264.60</b>	<b>-</b>	<b>10,966.21</b>
<b>Right of Use Assets</b>								
Right of Use Assets	115.01	-	15.27	99.74	38.47	34.34	15.27	57.54
<b>Total - Right of Use Assets (B)</b>	<b>115.01</b>	<b>-</b>	<b>15.27</b>	<b>99.74</b>	<b>38.47</b>	<b>34.34</b>	<b>15.27</b>	<b>57.54</b>
Intangible Assets								
Computer Software	275.50	10.57	-	286.07	136.57	28.95	-	165.52
<b>Total - Intangible Assets (C)</b>	<b>275.50</b>	<b>10.57</b>	<b>-</b>	<b>286.07</b>	<b>136.57</b>	<b>28.95</b>	<b>-</b>	<b>165.52</b>
<b>Grand Total (A+B+C)</b>	<b>54,363.96</b>	<b>75.55</b>	<b>15.27</b>	<b>54,424.24</b>	<b>8,876.65</b>	<b>2,327.89</b>	<b>15.27</b>	<b>11,189.27</b>

\* Charged against borrowings of the Company (Refer Note no. 15 and 20)

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

	31.03.2022 ₹ in lakhs	31.03.2021 ₹ in lakhs
<b>Note 3 : Investments in Joint Venture</b>		
Investments in Equity Instruments (Unquoted - at Cost)		
Morarjee Castiglioni (India) Private Limited	64.10	64.10
10,00,000 (Previous year 10,00,000) Equity Shares of ₹10 each fully paid-up	<u>64.10</u>	<u>64.10</u>
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	64.10	64.10
Aggregate amount of impairment in value of investments	-	-
<b>Note 4 : Non-current Financial Assets</b>		
a) Investments		
i) Investments in Equity Instruments		
(Unquoted - At fair value through Other Comprehensive Income)		
Saraswat Bank	0.25	0.25
2,500 (Previous year 2,500) Equity Shares of ₹10 each fully paid-up		
ii) Investment in Government Securities	0.64	0.64
(Unquoted - at Amortised Cost)	<u>0.89</u>	<u>0.89</u>
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	0.89	0.89
Aggregate amount of impairment in value of investments	-	-
b) Other Financial Assets		
Security deposits	47.35	36.63
Balances with bank in fixed deposits (includes margin money with bank) having maturity more than 12 months	8.21	-
	<u>55.56</u>	<u>36.63</u>
<b>Note 5 : Non-current Tax Assets</b>		
Advance Income tax	77.56	60.17
	<u>77.56</u>	<u>60.17</u>
<b>Note 6 : Other Non-current Assets</b>		
Deposits with Government Authorities	51.00	51.00
	<u>51.00</u>	<u>51.00</u>
<b>Note 7 : Inventories</b>		
Raw materials	295.89	183.16
Work-in-progress	4,081.08	2,679.17
Finished goods	1,915.87	3,322.10
[Includes Stock-in-transit of ₹ 565.95 Lakhs (Previous Year ₹ 1,491.56 Lakhs)]		
Consumable, stores, spares, etc.	351.18	213.68
	<u>6,644.02</u>	<u>6,398.11</u>
Total Inventory includes, an amounting to ₹ 1295.32 Lakhs (Previous Year ₹ 2,040.10 Lakhs) as of 31st March, 2022 which is valued at net realisable value based on its accounting policy for valuation at lower of cost and net realisable value and impact of the same are included in "Changes in Inventories of Finished Goods and Work-in-Progress" in Statement of Profit and Loss.		
<b>Note 8 : Trade Receivables (Unsecured, unless stated otherwise)</b>		
Considered good (Secured)	225.71	1,137.22
Considered good (Unsecured)	1,678.90	2,269.73
Trade Receivables (Credit Impaired)*	1,006.51	809.70
Provision for doubtful debts*	(817.00)	(672.00)
	<u>2,094.12</u>	<u>3,544.65</u>
Trade Receivables from related parties of ₹ 50.29 Lakhs (Previous Year ₹ 27.54 Lakhs) as on 31st March, 2022 (Refer Note No. 51) *Refer Note No. 43		
<b>Note 9 : Cash and Cash Equivalents</b>		
Cash on hand	1.05	2.34
Balances with bank in fixed deposits (includes margin money with bank)	8.13	-
Balances with banks in current accounts	1,664.93	486.55
	<u>1,674.11</u>	<u>488.89</u>
<b>Note 10 : Bank Balances other than Cash and Cash Equivalents</b>		
Balances in dividend accounts	11.96	18.77
Balances with bank in fixed deposits (includes margin money with bank)	147.12	148.91
	<u>159.08</u>	<u>167.68</u>

	31.03.2022 ₹ in lakhs	31.03.2021 ₹ in lakhs
<b>Note 11 : Loans (Unsecured, considered good)</b>		
Earnest money deposit	1.20	1.60
Other recoverables	6.90	20.56
	<u>8.10</u>	<u>22.16</u>
<b>Note 12 : Other Current Assets</b>		
Government grants receivable:		
- Capital subsidy	543.33	1,067.55
- Interest subsidy	1,482.72	2,340.70
Balances with Government Authorities *	4,854.12	4,292.99
Others	986.25	863.40
	<u>7,866.42</u>	<u>8,564.64</u>

\* Balances with Government Authorities includes an amount of ₹ 4,362 Lakhs (Previous Year ₹3,577 Lakhs) as on March 31, 2022 towards GST input tax credit on account of higher GST on input (specifically on input services) as compared to output. Though Input GST credits are allowed to be carried indefinitely, the utilisation thereof is generally dependent on various factors including volume and value of output in future, rates of tax on output and changes in government policies.

In the opinion of the management, in view of the continuing business of the Company, no provision is considered necessary in this regard

### Note 13 : Equity Share Capital

#### Authorised:

3,65,00,000 (Previous year 3,65,00,000) Equity Shares of ₹ 7/- each	2,555.00	2,555.00
	<u>2,555.00</u>	<u>2,555.00</u>

Issued, Subscribed and Paid- up:

3,63,32,349 (Previous year 3,63,32,349) Equity Shares of Rs. 7/- each fully paid-up	2,543.26	2,543.26
	<u>2,543.26</u>	<u>2,543.26</u>

#### A) The reconciliation of the number and value of equity shares

	No. of Shares	₹ in lakhs
Balance as at 31st March, 2021	3,63,32,349	2,543.26
Movement during the year	-	-
Balance as at 31st March, 2022	<u>3,63,32,349</u>	<u>2,543.26</u>

#### B) Shareholders holding more than 5% of equity shares of the Company

Ashok Piramal Group Textile Trust through its trustee, Ms. Urvi A. Piramal		
Number of Shares	2,15,90,112	2,15,90,112
% of holding	59.42	59.42

#### C) Terms / rights attached to Equity Shares

Each equity share of Company has a par value of ₹ 7/- (Previous Year ₹ 7/-). Each holder of equity share is entitled to one vote per share. All shares rank pari passu with regard to dividend and repayment of capital. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### D) Details of the Promoters / Promoters group as at 31st March, 2022 \*

	As at 31.03.2022	
	No of Ordinary Shares	%
Ms. Urvi A. Piramal	(49,566)	0.14
	(49,566)	(0.14)
Mr. Harsh A.Piramal	16,522	0.05
	(16,522)	(0.05)
Mr. Rajiv A.Piramal	16,522	0.05
	(16,522)	(0.05)
Mr. Nandan A. Piramal	16,522	0.05
	(16,522)	(0.05)
Ms. Kalpana Singhania	5,419	0.01
	(5,419)	(0.01)
Ashok Piramal Group Textiles Trust through its trustee, Ms. Urvi A.Piramal	2,15,90,112	59.42
	(2,15,90,112)	(59.42)
Total	2,16,94,663	59.72
	(2,16,94,663)	(59.72)

Note :

Figures in bracket are for previous year as at 31st March, 2021.

\*There is no change in the shareholding during the year ended 31st March, 2022 and previous year ended 31st March, 2021.

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

	31.03.2022 ₹ in lakhs	31.03.2021 ₹ in lakhs
<b>Note 14 : Other Equity</b>		
<b>a) General Reserve</b>		
Opening balance	5,627.91	5,627.91
Movement during the year	-	-
Closing balance (a)	5,627.91	5,627.91
<b>b) Retained Earnings</b>		
Opening balance	(8,665.22)	(2,474.41)
(Loss) for the year	(8,811.57)	(6,162.53)
Other Comprehensive Income for the year	(12.22)	(28.28)
(Remeasurement of defined benefit obligation - Net of tax)		
Closing balance (b)	(17,489.01)	(8,665.22)
Total (a+ b)	(11,861.10)	(3,037.31)

## Nature and Purpose of Reserve:

### a) General Reserve

General Reserve has been created on account of the Schemes of Amalgamation, Demerger and Capital Restructuring carried out in the past and transfer of net profit before declaring dividend, pursuant to the earlier provisions of the Companies Act, 1956. Such transfer of net profit to general reserve is not required under the Companies Act, 2013.

### b) Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

## Note 15 : Non-current Financial Liabilities - Borrowings

Particulars	(₹ in lakhs)			
	Non-current		Current (Refer Note No. 20)	
	31.03.2022 ₹ in lakhs	As at 31.03.2021	31.03.2022 ₹ in lakhs	As at 31.03.2021
<b>Secured</b>				
Term loan from Banks (Refer sub-note no. A)	8,080.33	10,523.75	7,841.82	5,439.39
Term loan from Others (Refer sub-note no. B)	-	2,457.21	2,857.21	427.97
	8,080.33	12,980.96	10,699.03	5,867.36
<b>Unsecured</b>				
Term loan from Others (Refer sub-note no. C)	7,498.70	8,398.67	1,499.74	-
	7,498.70	8,398.67	1,499.74	-
Preference Share Capital (Refer sub-note no. D)	-	1,500.00	2,500.00	1,000.00
	-	1,500.00	2,500.00	1,000.00
	15,579.03	22,879.63	14,698.77	6,867.36

## Sub-notes to Note no. 15 : Non-current Financial Liabilities - Borrowings

		(₹ in lakhs)	
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
<b>A.</b>	<b>Term Loan from Banks (Secured)</b>		
a)	Term Loan 1	12,956.91	12,995.24
	<b>Nature of Security:</b>		
	1st pari passu charge on all Property, Plant and Equipment of the Company, both present and future and 2nd pari passu charge on all current assets of the Company, both present and future.		
	<b>Terms of Repayment as per schedule:</b>		
	Repayable in 14 quarterly instalments as at 31st March, 2022		
	Repayable in 18 quarterly instalments as at 31st March, 2021		
	The Company defaulted on repayment of loan Instalment aggregating ₹ 2,425.27 lakhs (₹904.75 lakhs Previous Year)		
	[The company has availed moratorium for Instalment for the period April 2020 to August, 2020.]		



		(₹ in lakhs)	
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
b)	Term Loan 2 Funded Interest Term Loan 1st pari passu charge on all Property, Plant and Equipment of the Company, both present and future and 2nd pari passu charge on all current assets of the Company, both present and future. Terms of Repayment as per schedule: The Company defaulted on repayment of Funded Interest Term Loan aggregating ₹ 1011.53 lakhs (₹ 1011.53 lakhs Previous Year) [The company has availed moratorium for Interest for the period April 2020 to August, 2020.]	1,011.53	1,011.53
c)	Term Loan 3 <b>Nature of Security:</b> 2nd pari passu charge on all Property, Plant and Equipment and current assets of the Company, both present and future. <b>Terms of Repayment as per schedule:</b> Repayable in: - 8 Monthly instalments as at 31st March, 2022 - 12 Monthly instalments as at 31st March, 2021 The Company defaulted on repayment of loan Instalment aggregating ₹1953.71 lakhs (₹972.93 lakhs Previous Year) Current Maturities of above loans Subtotal [Term Loan from Banks (Secured)]	1,953.71         <u>(7,841.82)</u> <u>8,080.33</u>	1,956.37         <u>(5,439.39)</u> <u>10,523.75</u>
<b>B.</b>	<b>Term Loan from Others (Secured)</b>		
	<b>Term Loan 1</b> <b>Nature of Security:</b> 1st pari passu charge on all Property, Plant and Equipment of the Company, both present and future and 2nd pari passu charge on all current assets of the Company, both present and future. <b>Terms of Repayment as per schedule:</b> Repayable in 14 quarterly instalments as at 31st March, 2022 Repayable in 18 quarterly instalments as at 31st March, 2021 The Company defaulted on repayment of loan Instalment aggregating ₹2714.25 lacs (₹120 lakhs Previous Year)	2,714.25	2,742.22
	<b>Term Loan 2</b> Funded Interest Term Loan 1st pari passu charge on all Property, Plant and Equipment of the Company, both present and future and 2nd pari passu charge on all current assets of the Company, both present and future. <b>Terms of Repayment as per schedule:</b> Repayable in 6 monthly instalments as at 31st March, 2022 effective from May 2025 The company has availed moratorium for Installment/Interest for the period April 2020 to August, 2020. Current Maturities of above loan Subtotal [Term Loan from Others (Secured)]	142.96         <u>(2,857.21)</u> <u>-</u>	142.96         <u>(427.97)</u> <u>2,457.21</u>
<b>C.</b>	<b>Term Loan from Others (Unsecured)</b>		
	Term Loan <b>Terms of Repayment as per schedule:</b> Repayable in: - 24 Quarterly instalments as at 31st March, 2022 effective from 30th June, 2022-₹8,998.44 lakhs - 24 Quarterly instalments as at 31st March, 2021 effective from 30th June, 2022-₹8,398.67 lakhs Current Maturities of above loan Subtotal [Term Loan from Others (Unsecured)]	8,998.44         <u>(1,499.74)</u> <u>7,498.70</u>	8,398.67         <u>-</u> <u>8,398.67</u>
<b>D.</b>	<b>Details of Preference Shares</b>		
	<b>Authorised :</b> 35,00,000 (Previous year 35,00,000) Redeemable Cumulative Non-convertible Preference Shares of ₹ 100/- each	3,500.00 <u>3,500.00</u>	3,500.00 <u>3,500.00</u>

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

		(₹ in lakhs)	
Sr. No.	Particulars	As at	As at
		31.03.2022	31.03.2021
	Issued, Subscribed and Paid- up:		
	10,00,000 (Previous year 10,00,000) 5% Redeemable Cumulative Non-convertible Preference Shares of ₹100/- each	1,000.00	1,000.00
	15,00,000 (Previous year 15,00,000) 9% Redeemable Cumulative Non-convertible Preference Shares of ₹100/- each	1,500.00	1,500.00
	Current Maturities of above loan	(2,500.00)	(1,000.00)
		-	1,500.00
i)	The reconciliation of the number and value of preference shares	No. of Shares	₹. in lakhs
a)	5% Preference Shares		
	Balance as at 31st March, 2021	10,00,000	1,000.00
	Movement during the year	-	-
	Balance as at 31st March, 2022	10,00,000	1,000.00
b)	9% Preference Shares		
	Balance as at 31st March, 2021	15,00,000	1,500.00
	Movement during the year	-	-
	Balance as at 31st March, 2022	15,00,000	1,500.00
ii)	Shareholders holding more than 5% of Preference Shares of the Company		
a)	Ashok Piramal Group Textiles Trust through its trustee, Ms. Urvi A. Piramal		
	Number of Shares	10,00,000	23,95,000
	% of holding	40.00	95.80
b)	Miranda Tools Private Limited		
	Number of Shares	13,95,000	-
	% of holding	55.80	-
iii)	Terms / rights attached to Preference Shares		

5% Redeemable Cumulative Non-convertible Preference Shares of ₹100/- each, were redeemable anytime between 15th November, 2014 and 15th November, 2019 at the option of the Company. However, the Company could not redeemed these preference shares. The Company has approached NCLT under Section 55 of the Companies Act, 2013, for re-issuance of the said preference shares for a further period of 20 years.

The approval from preference share holders have already been taken, however, approval from NCLT is awaited. 9% Redeemable Cumulative Non-convertible Preference Shares of ₹100/- each, are redeemable anytime between 4th June, 2017 and 3rd December, 2020 after period of 18 months from the date of its renewal i.e. 3rd December, 2015, at the option of the Trust. However, based on the confirmation received from the trust, the trust will not exercise their redemption rights before maturity date i.e 3rd December, 2020. As per Section 55 of the Companies Act, 2013 the Company has an option to further extend the date of redemption of the said Preference Shares (maximum tenure of 20 years). Accordingly Board has decided to extend the redemption for a further period of 2 (Two) years from December 3, 2020 to December 3, 2022. The holders of Preference Shares shall not have any right to vote in any manner before the Company at any meeting, except on resolutions placed before the Company at any meeting, which directly affects their rights.

The effective interest rate on the above borrowings (excluding preference shares) is in the range from 10.45 % to 13.50 % per annum.

		(₹ in lakhs)	
Particulars		As at	As at
		31.03.2022	31.03.2021
<b>Note 16 : Lease Liabilities</b>			
Lease Liability		-	16.23
		-	16.23
<b>Note 17 : Non-current Provisions</b>			
Employees benefits (Refer Note no. 34)		419.46	655.15
		419.46	655.15
<b>Note 18 : Deferred Tax Liability/(Assets) (Net)</b>			
Tax due to difference between written down value of fixed assets as per books of accounts and Income Tax Act, 1961		6,139.92	6,139.92
Deferred tax assets (Including MAT Credit)		(9,181.34)	(9,181.34)
		(3,041.42)	(3,041.42)

Refer Note no. 35 for components of and movement in deferred tax.

Particulars	(₹ in lakhs)	
	As at 31.03.2022	As at 31.03.2021
<b>Note 19 : Other Non-current Liabilities</b>		
Deferred income (Government grant)	1,597.58	1,688.28
	<u>1,597.58</u>	<u>1,688.28</u>
<b>Note 20 : Current Financial Liabilities - Borrowings</b>		
(Repayable on demand)		
<b>Secured</b>		
Cash credit / packing credit from banks*	20,953.66	20,592.54
<b>Unsecured</b>		
Body Corporate	350.00	350.00
Short-term working capital loan from bank**	939.95	949.94
Current Maturities of Long Term Loan (including recalled term loan)	14,698.78	6,867.36
	<u>36,942.39</u>	<u>28,759.84</u>
*Secured by way of hypothecation of / 1st pari passu charge on Current Assets of the Company viz. raw materials, stock-in-process, finished goods, consumables, store and spares, book debts, both present and future and secured by 2nd pari passu charge on the Company's tangible fixed assets, both present and future.		
**The Company has defaulted on repayment of Instalments aggregating ₹939.95 Lakhs during the year. (₹949.94 Lakhs in Previous year)		
The effective interest rate on the above loans is in the range from 11.75 % to 14.55% per annum.		
<b>Note 21 : Lease Liabilities</b>		
Lease Liability	19.93	33.26
	<u>19.93</u>	<u>33.26</u>
<b>Note 22 : Trade Payables</b>		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note no.39)	1,118.84	1,460.49
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	6,560.30	6,911.45
	<u>7,679.14</u>	<u>8,371.94</u>
Trade Payable includes dues to related parties of ₹ 361.29 Lakhs (Previous Year ₹ 435.68 Lakhs) as on 31st March, 2022 (Refer Note no. 51)		
<b>Note 23 : Other Current Financial Liabilities</b>		
Trade deposits	61.37	66.35
Interest accrued on borrowings*	9,025.39	3,230.10
Unclaimed dividend	11.96	18.77
	<u>9,098.72</u>	<u>3,315.22</u>
Interest accrued on borrowings includes interest default of ₹ 2,622.90 Lakhs (previous year ₹ 845.10 lakhs) for Axis Bank, ₹525.47 lakhs (Previous year ₹168.90 lakhs) for Tata aCapital Financial Services Limited ₹742.84 lakhs (previous year ₹ 290.85 Lakhs) for Kotak Mahindra Bank Ltd. and ₹ 382.86 Lakhs (Previous year ₹171.61 Lakhs) for Federa Bank Limited.		
<b>Note 24 : Other Current Liabilities</b>		
Advances from customers	209.24	209.00
Deferred income (Government grant)	90.69	90.69
Statutory liabilities	193.09	92.25
Others	19.57	26.44
	<u>512.59</u>	<u>418.38</u>
<b>Note 25 : Current Provisions</b>		
Employees benefits (Refer Note no. 34)	181.47	31.43
	<u>181.47</u>	<u>31.43</u>

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

Particulars	(Rs. in lakhs)	
	Year ended 31.03.2022	Year ended 31.03.2021
<b>Note 26 : Revenue from Operations</b>		
Revenue from sale of products	26,317.85	18,755.44
Other operating income	915.34	633.21
	<u>27,233.19</u>	<u>19,388.65</u>
<b>Note 27 : Other Income</b>		
Amortisation of Government grant	90.69	90.69
Interest income	26.64	25.30
Rent	0.20	0.12
Dividend Received	0.05	-
	<u>117.58</u>	<u>116.11</u>
<b>Note 28 : Cost of Materials Consumed</b>		
Opening stock (Raw materials)	183.16	446.66
Purchases	11,695.44	5,484.39
Closing stock (Raw materials)	295.89	183.16
	<u>11,582.71</u>	<u>5,747.89</u>
<b>Note 29 : Changes in Inventories of Work-in-Progress and Finished Goods</b>		
<b>Opening Stock</b>		
Work-in-progress	2,679.17	4,591.51
Finished goods	3,322.10	3,077.06
	<u>6,001.27</u>	<u>7,668.57</u>
<b>Closing Stock</b>		
Work-in-progress	4,081.08	2,679.17
Finished goods	1,915.87	3,322.10
	<u>5,996.95</u>	<u>6,001.27</u>
Changes in Inventories	<u>4.32</u>	<u>1,667.30</u>
<b>Note 30 : Manufacturing Expenses</b>		
Power and fuel	4,033.36	2,770.73
Processing charges	2,860.91	1,928.32
Dyes and chemicals	2,028.92	1,498.35
Packing expenses	301.39	206.84
Stores and spares	815.33	415.78
Other consumables	101.13	58.28
Repairs and maintenance	171.20	108.95
Lease rent - Machinery	-	61.20
Rates, taxes and water charges	293.23	236.98
	<u>10,605.47</u>	<u>7,285.43</u>
<b>Note 31 : Employee Benefits Expense</b>		
Salaries and wages	2,576.29	2,198.91
Contribution to Provident and other funds (Refer Note no. 34)	193.50	167.58
Staff welfare expenses	50.79	30.27
	<u>2,820.58</u>	<u>2,396.76</u>
<b>Note 32 : Administrative, Selling and Other Expenses</b>		
Freight outward	242.26	156.10
Legal and professional expenses	282.77	278.65
Rent expenses	32.79	146.71
Travelling expenses	28.53	24.95
Commission	123.38	58.54
Remuneration to Auditors (Refer Note no. 38)	23.19	23.10
Provision for doubtful debts	145.00	150.00
Loss on foreign exchange fluctuation	12.54	380.62
Directors' sitting fees	21.40	18.25
Miscellaneous expenses	702.61	786.64
	<u>1,614.47</u>	<u>2,023.56</u>
<b>Note 33 : Finance Costs</b>		
Interest expenses	6,892.03	5,045.02
Dividend on redeemable preference shares	185.00	185.00
Other borrowing costs	169.29	224.70
	<u>7,246.32</u>	<u>5,454.72</u>

Particulars	(Rs. in lakhs)	
	Year ended 31.03.2022	Year ended 31.03.2021
<b>34 Employee Benefits</b>		
<b>(A) Defined Contribution Plan</b>		
Employer's contribution to Provident Fund	163.33	143.39
Employer's contribution to Superannuation Fund	3.05	4.21
Employer's contribution to ESIC	27.12	19.98
<b>Total</b>	<b>193.50</b>	<b>167.58</b>

**(B) Defined Benefit Plan (Gratuity) and Other Long-term Employee Benefits (Leave Encashment)**

The Company provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employees last drawn basic salary per month computed proportionately for 15 days basic salary multiplied by the number of years of service. The gratuity plan is not funded and payout is done by Company on resignation / retirement of employees.

Disclosure as per Valuation Reports of Independent Actuary

a) <b>Changes in Defined Benefit Obligation</b>		(₹ in lakhs)		
Particulars	Gratuity		Leave Encashment	
	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
Defined benefit obligation at the beginning of the year	550.86	503.22	135.72	139.39
Current service cost	45.85	47.99	24.89	25.92
Interest cost	36.87	33.41	9.07	9.21
Actuarial loss / (gain) due to change in financial assumptions	(15.58)	-	(2.78)	-
Actuarial loss / (gain) due to experience adjustments	27.80	39.18	(3.72)	3.41
Benefits paid	(22.56)	(72.94)	(33.15)	(42.21)
<b>Defined benefit obligation at the end of the year</b>	<b>623.24</b>	<b>550.86</b>	<b>130.03</b>	<b>135.72</b>

b) <b>Expense Recognised in the Statement of Profit and Loss</b>		(₹ in lakhs)		
Particulars	Gratuity		Leave Encashment	
	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
Current service cost	45.85	47.99	24.89	25.92
Interest Cost on Defined Benefit Obligation	36.87	33.41	9.07	9.21
Actuarial loss / (gain) due to change in financial assumptions	-	-	(2.78)	-
Actuarial loss / (gain) due to experience adjustments	-	-	(3.72)	3.41
Amount recognised in profit or loss	<b>82.72</b>	<b>81.40</b>	<b>27.46</b>	<b>38.54</b>
Actuarial loss / (gain) due to change in financial assumptions	(15.58)	-	-	-
Actuarial loss / (gain) due to experience adjustments	27.80	39.18	-	-
Amount recognised in Other Comprehensive Income	<b>12.22</b>	<b>39.18</b>	<b>-</b>	<b>-</b>
Total amount recognised in the Statement of Profit and Loss	<b>94.94</b>	<b>120.58</b>	<b>27.46</b>	<b>38.54</b>



# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

## c) Amount Recognised in the Balance Sheet

Particulars	Gratuity		Leave Encashment	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Present value of obligation*	623.24	550.86	130.03	135.72
Fair value of plan assets	-	-	-	-
Amount recognised in the Balance Sheet	623.24	550.86	130.03	135.72

(Rs. in lakhs)

Particulars	Gratuity		Leave Encashment	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Current	135.49	25.27	45.99	6.16
Non Current	487.75	525.59	84.03	129.56
Total*	623.24	550.86	130.02	135.72

\*includes gratuity payable and leave encashment payable to resigned employees during the year of ₹ 110.56 Lakhs and ₹ 41.77 Lakhs as at 31st March, 2022.

## d) Assumptions

The principal actuarial assumptions used for estimating the Company's defined benefit obligations and other long term employee benefits are set out below:

Particulars	Gratuity		Leave Encashment	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Withdrawal rate	3% p.a. at younger ages reducing to 1% at older ages	3% p.a. at younger ages reducing to 1% at older ages	3% p.a. at younger ages reducing to 1% at older ages	3% p.a. at younger ages reducing to 1% at older ages
Normal retirement age	60 years	60 years	60 years	60 years
Discount rate	7.15% p.a.	6.85% p.a.	7.15% p.a.	6.85% p.a.
Salary escalation rate	0.00% p.a for next 1 year & 3.50% p.a thereafter	0.00% p.a for next 2 years & 3.50% p.a thereafter	0.00% p.a for next 1 year & 3.50% p.a thereafter	0.00% p.a for next 2 years & 3.50% p.a thereafter

## e) Sensitivity Analysis

The sensitivity of the defined benefit obligation to change in the weighted key assumptions is:

(₹ in lakhs)

Particulars	Gratuity		Leave Encashment	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Salary escalation rate + 0.5%	650.39	579.89	134.87	142.48
Salary escalation rate - 0.5%	597.73	523.62	125.50	129.38
Withdrawal rate + 10%	625.69	553.36	130.56	136.39
Withdrawal rate - 10%	620.76	547.91	129.48	135.03
Discount rate + 0.5%	598.65	524.64	125.67	129.64
Discount rate - 0.5%	649.59	579.01	134.72	142.26

A description of methods used for sensitivity analysis and its limitations:

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

**f) Expected Cashflows based on Past Service Liability**

(₹ in lakhs)

Particulars	Gratuity		Leave Encashment	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Year 1	24.91	25.27	4.22	6.16
Year 2	25.43	25.20	4.58	6.42
Year 3	28.30	26.75	7.07	9.59
Year 4	21.13	28.07	4.11	9.20
Year 5	37.94	24.36	7.55	8.29
Year 6 to Year 10	181.07	245.78	30.25	74.44

**g) Best Estimate of Contribution**

(₹ in lakhs)

Particulars	Gratuity		Leave Encashment	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Best Estimate of Contribution for the Company during the next year	24.91	25.27	4.22	6.16

h) Average outstanding term of obligations as at valuation date is 10.91 years (Previous Year 10.79 years).

Note : Above disclosures with respect to employee benefits have been made to the extent of availability of data, as per actuarial valuation report.

**35 Tax Expense**
**A) Amounts Recognised in statement of Profit or Loss**

Particulars	Year ended 31.03.2022 ₹ in lakhs	Year ended 31.03.2021 ₹ in lakhs
Current Tax (Minimum Alternate Tax)	-	-
Deferred Tax (Net of MAT Credit Entitlement)	-	(1,236.26)
<b>Total tax expense as per the Statement of Profit and Loss</b>	<b>-</b>	<b>(1,236.26)</b>

**B) Reconciliation of Effective Tax Rate**

Particulars	Year ended 31.03.2022 ₹ in lakhs	Year ended 31.03.2021 ₹ in lakhs
(Loss) before tax	(8,811.57)	(7,398.79)
Enacted income tax rate in India applicable to the Company	27.82%	27.82%
Tax using the Company's domestic tax rate	(2,451.38)	(2,058.34)
Tax effect of:		
Permanent disallowances	16.54	44.51
Effect due to tax rate difference	-	158.81
Others / Unabsorbed depreciation and business loss	2,434.84	618.76
<b>Tax expense as per the Statement of Profit and Loss</b>	<b>-</b>	<b>(1,236.26)</b>
<b>Effective tax rate</b>	<b>-</b>	<b>16.709%</b>

**C) Movement in Deferred Tax Liability / (Assets) Year ended 31st March, 2022**

(₹ in lakhs)

Particulars	As at 31.03.2021	Recognised in Profit or Loss	Recognised in OCI	As at 31.03.2022
<b>Components of deferred tax liabilities related to:</b>				
Property, plant and equipment	6,139.92	-	-	6,139.92
<b>Subtotal (Deferred Tax Liability)</b>	<b>6,139.92</b>	<b>-</b>	<b>-</b>	<b>6,139.92</b>
<b>Components of deferred tax assets related to:</b>				
Unamortised Government grant & Lease liability	508.68	-	-	508.68
Provision for doubtful debts and employment benefits	377.95	-	-	377.95
Unabsorbed depreciation / business losses carried forward under Income Tax Act, 1961	5,253.29	-	-	5,253.29
Mat Credit Entitlement	3,041.42	-	-	3,041.42
<b>Subtotal (Deferred Tax Assets)</b>	<b>9,181.34</b>	<b>-</b>	<b>-</b>	<b>9,181.34</b>
<b>Deferred Tax Liability/(Assets) (Net)</b>	<b>(3,041.42)</b>	<b>-</b>	<b>-</b>	<b>(3,041.42)</b>

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

Year ended 31st March, 2021				(₹ in lakhs)
Particulars	As at 01.04.2020	Recognised in Profit or Loss	Recognised in OCI	As at 31.03.2021
<b>Components of deferred tax liabilities related to:</b>				
Property, plant and equipment	7,371.28	(1,231.36)	-	6,139.92
<b>Subtotal (Deferred Tax Liability)</b>	<b>7,371.28</b>	<b>(1,231.36)</b>	<b>-</b>	<b>6,139.92</b>
<b>Components of deferred tax assets related to:</b>				
Unamortised Government grant & Lease liability	651.60	(142.92)	-	508.68
Provision for doubtful debts and employment benefits	388.79	(21.74)	10.90	377.95
Unabsorbed depreciation / business losses carried forward under Income Tax Act, 1961	5,083.73	169.56	-	5,253.29
Mat Credit Entitlement	3,041.42	-	-	3,041.42
<b>Subtotal (Deferred Tax Assets)</b>	<b>9,165.54</b>	<b>4.90</b>	<b>10.90</b>	<b>9,181.34</b>
<b>Deferred Tax Liability/(Assets) (Net)</b>	<b>(1,794.26)</b>	<b>(1,236.26)</b>	<b>(10.90)</b>	<b>(3,041.42)</b>

- 35 (i) MAT Credit Entitlement of Rs. 3,041 lakhs (Previous Year Rs. 3,041 Lakhs) is based on future performance and expectation of full utilization of MAT Credit within time frame available as projected by the Management of the Company and based on the outcome of debt restructuring plan submitted to the lenders.
- 35 (ii) The Company having opted to continue with old tax regime in view of unabsorbed losses and depreciation and MAT assets benefits and would evaluate in future. Hence, deferred tax assets (including MAT assets) are continuing in financial statements considering old tax regime and management judgment on recoverability based on future projections.

## 36 Reconciliation of Liabilities arising from Financing Activities

Year ended 31st March, 2022							(₹ in lakhs)
Particulars	As at 31.03.2021	Cash Movement	Business Acquisition/ Disposals	Foreign Exchange Changes	Fair Value Changes	Others	As at 31.03.2022
Term loans	27,246.99	(178.96)	-	-	-	709.78	27,777.81
Redeemable preference shares	2,500.00	-	-	-	-	-	2,500.00
Short-term borrowings	21,892.48	351.13	-	-	-	-	22,243.61
<b>Total</b>	<b>51,639.47</b>	<b>172.17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>709.78</b>	<b>52,521.42</b>
Year ended 31st March, 2021							(₹ in lakhs)
Particulars	As at 31.03.2020	Cash Movement	Business Acquisition/ Disposals	Foreign Exchange Changes	Fair Value Changes	Others	As at 31.03.2021
Term loans	26,048.81	(100.72)	-	-	-	1,298.90	27,246.99
Redeemable preference shares	2,500.00	-	-	-	-	-	2,500.00
Short-term borrowings	9,454.91	12,437.57	-	-	-	-	21,892.48
<b>Total</b>	<b>38,003.72</b>	<b>12,336.85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,298.90</b>	<b>51,639.47</b>

These cash movements are included within the following lines in the Statement of Cash Flows:

- Proceeds from Long-term Borrowings
- Repayment of Long-term Borrowings
- Increase/ (Decrease) in Short-term Borrowings

### 37 Contingent Liability and Commitments

(₹ in lakhs)		
Particulars	As at 31.03.2022	As at 31.03.2021
<b>A) Contingent Liability</b>		
(i) Claims against the Company not acknowledged as debts in respect of:		
Disputed Excise demands	1,272.75	1,295.09
Disputed Sales Tax demands	2.95	2.95
(ii) Bank guarantees	429.95	440.74
(iii) Other Matters	1,344.40	1,344.40
(iv) The Company had obtained EPCG licenses during FY16 and FY17 from DGFT, Ministry of Commerce and Industry under the Export Promotion Capital Goods Scheme and the company saved Customs duty aggregating to Rs. 28.41 Cr against the said licenses.		
With the adverse export market scenario followed by onset of Covid-19 Pandemic, the Company could not complete the export obligations under the aforesaid licenses. The company has applied / is in the process of applying for Extension of export obligation period.		
In case even after expiry of extension of period, if there is still any shortfall in meeting export obligations, duty saved may be required to be paid along with interest.		
<b>B) Commitments</b>		
(i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for	-	-

### 38 Remuneration to Auditors\*

(₹ in lakhs)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Audit Fees (including Consolidation and Limited Review Fees)	18.50	18.50
Tax Audit Fees	3.00	3.00
Certification Fees	1.00	1.00
Out of Pocket Expenses	0.69	0.60
<b>Total</b>	<b>23.19</b>	<b>23.10</b>

\* Excludes Goods and Services Tax

### 39 A) Disclosure under Micro, Small and Medium Enterprises Act, 2006

There are Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2022. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in lakhs)		
Particulars	As on 31.03.2022	As on 31.03.2021
(a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1,044.70	1,351.49
(b) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	74.14	109.00
(c) The amount of interest paid u/s 16 of this Act, along with the amounts of payments made to the supplier beyond the appointed day during each accounting year	-	-
(d) The amount of interest due and payable for the period of delay in making payment which have been paid but, beyond the appointed day during the year	-	-
(e) The amount accrued and remaining unpaid at the end of each accounting period; i.e., principal is paid but interest has remained unpaid	-	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprise, this is required for the purpose of disallowance as a deductible expenditure	-	-

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

## 39 B) Trade Payables

### Trade payables ageing schedule for the year ended as on 31st March, 2022 and 31st March, 2021:

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	897.20	205.37	11.22	5.05	1,118.84
	(-)	(987.09)	(382.74)	(78.56)	(12.10)	(1,460.49)
(ii) Others	2,325.34	2,858.22	353.79	605.80	417.15	6,560.30
	(1,581.51)	(3,218.04)	(1,616.84)	(332.81)	(162.25)	(6,911.45)
(iii) Disputed Dues – MSME	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
(iv) Disputed Dues - Others	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)

Previous year amounts are in bracket.

## 40 Leases

### 1 Following are the changes in carrying value of the Right of Use Assets.

(₹ in lakhs)

Particulars	As at 31.03.2022			As at 31.03.2021		
	Motor Vehicle	Computer Software/ Computer	Total	Motor Vehicle	Computer Software/ Computer	Total
<b>Gross Carrying Amount</b>						
Opening Gross Carrying Amount	7.10	92.64	99.74	15.64	99.37	115.01
Additions	-	-	-	-	-	-
Disposals and Transfers	-	-	-	(8.54)	(6.73)	(15.27)
<b>Sub Total</b>	<b>7.10</b>	<b>92.64</b>	<b>99.74</b>	<b>7.10</b>	<b>92.64</b>	<b>99.74</b>
<b>Accumulated Depreciation</b>						
Opening Accumulated Depreciation	4.74	52.80	57.54	8.40	30.07	38.47
Additions	2.36	26.41	28.77	4.88	29.46	34.34
Disposals and Transfers	-	-	-	(8.54)	(6.73)	(15.27)
<b>Sub Total</b>	<b>7.10</b>	<b>79.21</b>	<b>86.31</b>	<b>4.74</b>	<b>52.80</b>	<b>57.54</b>
<b>Net Total</b>	<b>-</b>	<b>13.43</b>	<b>13.43</b>	<b>2.36</b>	<b>39.84</b>	<b>42.20</b>

### 2 Following are the changes in carrying value of lease liability

(₹ in lakhs)

Particulars	As at 31.03.2022	As at 31.03.2021
Opening Balance	49.49	82.19
Additions	-	-
Finance cost accrued during the year	3.70	7.02
Payment of Lease Liability	(33.26)	(39.72)
Closing Balance	19.93	49.49
Non Current Balance	-	16.23
Current Balance	19.93	33.26

- 3 Lease payments recognised in the Statement of Profit and Loss is ₹ 32.79 Lakhs (Previous Year ₹ 207.91 Lakhs) excluding amortisation of Right of Use.
- 4 Future minimum lease rentals payable under non - cancellable operating lease agreements, in respect of assets taken on operating lease:

(₹ in lakhs)

Particulars	As at 31.03.2022	As at 31.03.2021
a) Not later than one year	52.88	40.43
b) Later than one year but not later than five years	50.77	20.60
c) Later than five years	-	-
<b>Total</b>	<b>103.65</b>	<b>61.03</b>

#### General Terms of Lease Rentals:

- Lease rentals are charged on the basis of agreed terms.
- Assets are taken on lease for a period ranging between 9 months to 5 years.
- The lease agreements can be renewed on mutually agreed terms with the lessee.



**41 Interest in Other Entities**

Particulars	Country of Incorporation	Principal Activity	Proportion of Ownership Interest	
			As at 31.03.2022	As at 31.03.2021
Morarjee Castiglioni (India) Private Limited (Joint Venture)	India	Trading	50%	50%

**42 Capital Management****a) Risk Management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents.

(₹ in lakhs)		
Particulars	As at 31.03.2022	As at 31.03.2021
Total borrowings	52,521.42	51,639.47
Less : Cash and cash equivalents	1,674.11	488.89
<b>Adjusted net debt</b>	<b>50,847.31</b>	<b>51,150.58</b>
Total equity	(9,317.84)	(494.05)
Less : Hedging reserve	-	-
Adjusted equity	(9,317.84)	(494.05)
<b>Adjusted net debt to adjusted equity ratio</b>	<b>(5.46)</b>	<b>(103.53)</b>

b) During the year, the Company has not declared any dividend on Preference shareholders and equity shareholders.

**43 Financial Risk Management  
Risk Management Framework**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

**A. Credit risk**

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition.

The Company measures the expected credit loss of trade receivables from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

## i Trade Receivables

Trade receivables ageing schedule as at 31st March, 2022 and 31st March, 2021:

Particulars	Outstanding for following periods from due date of payment						(₹ in lakhs)
	Not Due	Less than 6 Months	6 Months -1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables - Considered Good	1,037.22	779.94	29.88	57.57	-	-	1,904.61
	(1,120.28)	(1,859.51)	(86.25)	(340.91)	-	-	(3,406.95)
Undisputed Trade Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Undisputed Trade Receivables - Credit Impaired	-	-	-	-	285.78	254.05	539.83
	(-)	(-)	(-)	(-)	(137.70)	(205.32)	(343.02)
Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-
	(-)	(-)	(-)	-	(-)	(-)	(-)
Disputed Trade Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
	(-)	(-)	(-)	-	(-)	(-)	(-)
Disputed Trade Receivables - Credit impaired	-	-	-	34.27	-	432.41	466.68
	(-)	(-)	(-)	(-)	(-)	(466.68)	(466.68)
<b>Total Trade Receivables</b>	<b>1,037.22</b>	<b>779.94</b>	<b>29.88</b>	<b>91.84</b>	<b>285.78</b>	<b>686.46</b>	<b>2,911.12</b>
	<b>(1,120.28)</b>	<b>(1,859.51)</b>	<b>(86.25)</b>	<b>(340.91)</b>	<b>(137.70)</b>	<b>(672.00)</b>	<b>(4,216.65)</b>
Provision for Doubtful debts							817.00
							(672.00)
Net Trade Receivables							2,094.12
							(3,544.65)

Previous year amounts are in brackets.

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

## b. Movement in Provision for Doubtful Debts

Particulars	(₹ in lakhs)	
	Year ended 31.03.2022	Year ended 31.03.2021
Opening provision	672.00	522.00
Add:- Additional provision made	145.00	150.00
Less:- Amounts written off	-	-
Less:- Provision reversed	-	-
<b>Closing provision</b>	<b>817.00</b>	<b>672.00</b>

## ii Investments other than Investments in Joint Venture

There is investment of Rs. 0.89 Lakh (Rs. 0.89 Lakh as at 31st March, 2021) and no impairment has been recognised on such investments.

## iii Cash and Bank Balances

The Company held cash and bank balance with credit worthy banks of Rs.1,833.19 Lakhs at March 31, 2022 (March 31, 2021 Rs. 656.57 Lakhs), includes Fixed deposits marked under lien with banks of Rs.155.25 Lakhs at March 31, 2022 (March 31, 2021 Rs.148.91 Lakhs).The credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks where credit risk is largely perceived to be extremely insignificant.

## iv Loans

No impairment in respect of loans was necessary during the current as well as previous year.

## B. Liquidity Risk

Liquidity risk is the risk that 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 to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position on the basis of expected cash flows. The Company manages its liquidity risk by preparing periodic cash flow projections to monitor liquidity requirements. In addition, the Company monitors the Balance Sheet liquidity ratios against internal and external regulatory requirements and maintains debt financing plans.

### Maturity Pattern of Financial Liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date.

#### As at 31st March, 2022

(₹ in lakhs)

Particulars	Carrying Amount	0-1 year	1-5 years	Beyond 5 years	Total
Long-term borrowings (including current maturities of long-term debt)	30,277.81	13,763.46	16,514.50		30,277.96
Short-term borrowings	22,243.61	22,243.61	-	-	22,243.61
Interest accrued on borrowings	9,025.39	9,025.39	-	-	9,025.39
Trade payables	7,679.14	7,679.14	-	-	7,679.14
Other current financial liabilities	73.33	73.33	-	-	73.33

#### As at 31st March, 2021

(₹ in lakhs)

Particulars	Carrying Amount	0-1 year	1-5 years	Beyond 5 years	Total
Long-term borrowings (including current maturities of long-term debt)	29,746.99	6,867.36	20,080.07	2,799.56	29,746.99
Short-term borrowings	21,892.48	21,892.48	-	-	21,892.48
Interest accrued on borrowings	3,230.10	3,230.10	-	-	3,230.10
Trade payables	8,371.94	8,371.94	-	-	8,371.94
Other current financial liabilities	85.14	85.14	-	-	85.14

## C. Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

### i) Currency Risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales to overseas customers and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods in the respective currencies.

#### (a) Derivative Instruments

(Foreign currency in lakhs)

Particulars	As at 31.03.2022	As at 31.03.2021
Forward contracts to sell USD	-	-

Derivative financial instruments such as foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

## (b) Foreign Currency Exposures\*

### As at 31st March, 2022

(Foreign currency in lakhs)

Particulars	USD	EURO	GBP	CHF	JPY
Trade receivable	10.10	1.70	-	-	-
Trade payables	-	-	-	0.01	7.20

### As at 31st March, 2021

(Foreign currency in lakhs)

Particulars	USD	EURO	GBP	CHF	JPY
Trade receivable	22.46	1.44	-	-	-
Trade payables	0.18	-	-	0.01	7.20

\* Advance Received in foreign currency are not considered for disclosure purpose

## (c) Details of Hedged and Unhedged Foreign Currency Exposure

### As at 31st March, 2022

(Foreign currency in lakhs)

Particulars	USD	EURO	GBP	CHF	JPY
Trade receivables	-	1.70	-	-	-
Less: Foreign currency forward contracts (Sell)	-	-	-	-	-
<b>Unhedged receivable</b>	<b>-</b>	<b>1.70</b>	<b>-</b>	<b>-</b>	<b>-</b>
Trade payables	-	-	-	0.01	7.20
Less: Foreign currency forward contracts (Buy)	-	-	-	-	-
<b>Unhedged payable</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>7.20</b>

### As at 31st March, 2021

(Foreign currency in lakhs)

Particulars	USD	EURO	GBP	CHF	JPY
Trade receivables	22.46	1.44	-	-	-
Less: Foreign currency forward contracts (Sell)	-	-	-	-	-
<b>Unhedged receivable</b>	<b>22.46</b>	<b>1.44</b>	<b>-</b>	<b>-</b>	<b>-</b>
Trade payables	0.18	-	-	0.01	7.20
Less: Foreign currency forward contracts (Buy)	-	-	-	-	-
<b>Unhedged payable</b>	<b>0.18</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>7.20</b>

## (d) Foreign Currency Risk Sensitivity

A change of 1% in foreign currency exchange rate applied on net foreign exposure (i.e. net unhedged payable / receivable) would have following Impact on profit before tax:

(₹ in lakhs)

Particulars	Year ended 31.03.2022		Year ended 31.03.2021	
	1% Increase	1% decrease	1% Increase	1% decrease
USD	7.66	(7.66)	16.13	(16.13)
EURO	1.44	(1.44)	1.23	(1.23)
GBP	-	-	-	-
CHF	(0.01)	0.01	(0.01)	0.01
JPY	(0.04)	0.04	(0.05)	0.05
<b>Increase / (decrease) in profit or loss</b>	<b>9.05</b>	<b>(9.05)</b>	<b>17.30</b>	<b>(17.30)</b>

## ii Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

### Exposure to Interest Rate Risk

In order to optimise the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, the Company performs a comprehensive corporate interest rate risk management by balancing the

proportion of fixed rate and floating rate financial instruments in its total portfolio. According to the Company, interest rate risk exposure is only for floating rate borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the Management of the Company is as follows.

Particulars	(₹ in lakhs)	
	Year ended 31.03.2022	Year ended 31.03.2021
Borrowings bearing fixed rate of interest	5,743.65	5,756.31
Borrowings bearing floating rate of interest	46,777.76	45,883.16
<b>Total Borrowings</b>	<b>52,521.41</b>	<b>51,639.47</b>

### Interest Rate Sensitivity

#### a) Fair Value Sensitivity Analysis for Fixed-rate Instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

#### b) Cash Flow Sensitivity Analysis for Variable-rate Instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular foreign currency exchange rates remain constant.

A change of 25 bps in interest rates would have following impact on profit before tax.

Particulars	(₹ in lakhs)	
	Year ended 31.03.2022	Year ended 31.03.2021
25 bp decrease	116.94	114.71
25 bp increase	(116.94)	(114.71)

## 44 Fair Value Measurement

### A) Accounting Classification and Fair Values

#### As at 31st March, 2022

Particulars	(₹ in lakhs)				
	FVTPL	FVTOCI	Amortised Cost	Total Carrying Amount	Fair Value
<b>Non-current Financial Assets</b>					
Investments	-	0.25	0.64	0.89	0.89
Other Financial Assets	-	-	55.56	55.56	55.56
<b>Total</b>	-	<b>0.25</b>	<b>56.20</b>	<b>56.45</b>	<b>56.45</b>
<b>Current Financial Assets</b>					
Trade receivables	-	-	2,094.13	2,094.13	2,094.13
Cash and cash equivalents	-	-	1,674.11	1,674.11	1,674.11
Other bank balances	-	-	159.08	159.08	159.08
Loans	-	-	8.10	8.10	8.10
<b>Total</b>	-	-	<b>3,935.42</b>	<b>3,935.42</b>	<b>3,935.42</b>
<b>Non-current Financial Liabilities</b>					
Borrowings	-	-	15,579.03	15,579.03	15,579.03
Lease Liability	-	-	-	-	-
<b>Total</b>	-	-	<b>15,579.03</b>	<b>15,579.03</b>	<b>15,579.03</b>
<b>Current Financial Liabilities</b>					
Borrowings	-	-	36,942.39	36,942.39	36,942.39
Lease Liability	-	-	19.93	19.93	19.93
Trade payables	-	-	7,679.14	7,679.14	7,679.14
Other financial liabilities	-	-	9,098.72	9,098.72	9,098.72
<b>Total</b>	-	-	<b>53,740.18</b>	<b>53,740.18</b>	<b>53,740.18</b>



# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

**As at 31st March, 2021**

(₹ in lakhs)

Particulars	FVTPL	FVTOCI	Amortised Cost	Total Carrying Amount	Fair Value
<b>Non-current Financial Assets</b>					
Investments	-	0.25	0.64	0.89	0.89
Other Financial Assets	-	-	36.63	36.63	36.63
<b>Total</b>	-	<b>0.25</b>	<b>37.27</b>	<b>37.52</b>	<b>37.52</b>
<b>Current Financial Assets</b>					
Trade receivables	-	-	3,544.65	3,544.65	3,544.65
Cash and cash equivalents	-	-	488.89	488.89	488.89
Other bank balances	-	-	167.68	167.68	167.68
Loans	-	-	22.16	22.16	22.16
<b>Total</b>	-	-	<b>4,223.38</b>	<b>4,223.38</b>	<b>4,223.38</b>
<b>Non-current Financial Liabilities</b>					
Borrowings	-	-	22,879.63	22,879.63	22,879.63
Lease Liability	-	-	16.23	16.23	16.23
<b>Total</b>	-	-	<b>22,895.86</b>	<b>22,895.86</b>	<b>22,895.86</b>
<b>Current Financial Liabilities</b>					
Borrowings	-	-	28,759.84	28,759.84	28,759.84
Lease Liability	-	-	33.26	33.26	33.26
Trade payables	-	-	8,371.94	8,371.94	8,371.94
Other financial liabilities	-	-	3,315.24	3,315.24	3,315.24
<b>Total</b>	-	-	<b>40,480.28</b>	<b>40,480.28</b>	<b>40,480.28</b>

## B) Fair Value Hierarchy

Fair values of all financial instruments mentioned in Note no. 44(A) above belong to Level 3 Fair Value Hierarchy.

Carrying amounts of financial instruments such as cash and cash equivalents, other bank balances, trade receivables, loans, borrowings, trade payables and other financial assets and liabilities at 31st March 2022 and 31st March 2021 reasonably approximate their respective fair values.

## 45 Segment Reporting

Based on the "management approach" as defined in Ind AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators of business, the segment/s in which the Company operates. The Company is primarily engaged in the business of Textile Products which the Management and CODM recognise as the sole business segment. Hence, disclosure of segment-wise information is not required and accordingly not provided.

## 46 Corporate Social Responsibility Expenditure (CSR)

Disclosure as required under Section 135 of Companies Act, 2013, read with Companies (Corporate Social Policy) Rules, 2014 is as under:

- Gross amount required to be spent by the Company during the year Rs. Nil Lakhs (Previous year Rs. Nil Lakhs)
- CSR expenditure incurred during the year:

(₹ in lakhs)

Particulars	In cash		Yet to be paid in cash	
	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
(i) On construction/acquisition of any asset	-	-	-	-
(ii) On purposes other than (i) above (refer footnote)	-	-	-	-

The Company undertakes its Corporate Social Responsibility (CSR) activities through Conservation Wildlands Trust. The foundation operates in areas of health, vocational skill training, environment and education. The Company has contributed Rs. Nil Lakhs (Previous year Rs. Nil Lakhs) to the foundation for undertaking CSR activities as defined under CSR rules.

- 47** The outbreak of COVID-19 pandemic is causing significant disturbance and slowdown of economic activities globally. The nationwide lockdown ordered by the Government of India has resulted in significant reduction in economic activities throughout the country and also impacted the business operations of the Company in terms of production and sales due to lockdown and very low demand and production activity.

In preparing the financial statements, the Company's management has been required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, equity, income and expenses. These estimates and associated assumptions, especially for assessing any impairment of Inventory are based on historical experience and various other factors including the possible effects that may result from the pandemic; and are believed to be reasonable under the current circumstances. Considering the assessment, the Company expects to recover the carrying amount of all these assets.

Given the dynamic nature of the pandemic situation, the valuation of Inventory and future profits for adjusting MAT Credit Entitlements as at 31st March, 2022 is subject to evolving uncertainty and may be affected in future by the severity and duration of the outbreak. In the event the impacts are more severe or prolonged than anticipated, this may have a corresponding impact on the carrying value of the Inventory, the financial position and financial performance of the Company. The management would be closely monitoring the situation as it evolves.

- 48** i) The Company has submitted debt restructuring plan to consortium of lenders, in terms of RBI Circular dated June 7, 2019. The plan submitted by the Company envisages several reliefs and concessions from lenders. The Core Committee formed by the lenders consortium has commenced the debt restructuring process and has undertaken several steps in this regard to facilitate the same. As part of the process, the "Inter-Creditor Agreement" has been executed by requisite number of lenders and it is so far progressing satisfactorily. The Lenders have decided in the consortium meeting that the resolution plan submitted by the Company would be considered for proceeding further on the resolution as per the aforesaid RBI Circular. Further, the lenders have also indicated to complete the resolution process expeditiously.
- ii) The Company has incurred net loss including cash losses during the year as also in the previous year, owing to high finance cost, weak demand during previous year and in the first half of current financial year coupled with overall impact on account of pandemic conditions. The net worth has completely eroded. There have been continuous delays and defaults in repayment of debt obligations. The loan account of the Company is classified as NPA by lenders and some of the lenders have served notice on / taken legal recourse against the Company, requiring repayment of the loan. The Company is in discussions with them to amicably resolve the same. Further, the Company has, after obtaining the approval of Preference Shareholders, approached NCLT under Section 55 of the Companies Act 2013 for issue of further Redeemable Cumulative Non-Convertible Preference Shares against the existing Preference Shares of Rs.10 crores which were due for redemption on November 15, 2019 for a further period of 20 years. The approval of NCLT is awaited.

These events/conditions indicate the existence of uncertainty on the Company's ability to continue as a going concern. However, having regard to the debt restructuring plan submitted as explained in Note 48 (i) above, the Lenders having indicated that the resolution plan be taken ahead for completion expeditiously and considering various cost control initiatives taken by the company, gradually improving operations of the company, including sale of long held inventory, and other strategic initiatives, the management has a reasonable expectation that the Company would have ability and adequate resources to continue its operational existence for the foreseeable future. Accordingly, the financial statements are prepared on a going concern basis.

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

## 49 Financial Ratios

The ratios as per the latest amendment to Schedule III are as below:

Sr. No.	Ratios	Year ended 31.03.2022	Year ended 31.03.2021	Variance %	Reason for variance for (+/- 25%)
1	Current Ratio (in times) (Current Assets - Current Liabilities excluding current maturities of long term loan)	0.5	0.6	(18)	Not Applicable
2	Debt Equity Ratio (in times) (Total Borrowings / Total Equity)	-	-	-	Ratio is not calculated as Net worth of the Company is Negative
3	Debt Service Coverage Ratio (in times) (Total Borrowings / Net Profit) (Net profit = Net loss - Depreciation - Finance cost - provision for doubtful debts - deferred income - Forex loss)	77.9	66.6	17	Not Applicable
4	Return on Equity Ratio % (Net Profit / (Loss) / Total Equity)	-	-	-	Ratio is not calculated as Net worth of the Company is Negative
5	Inventory Turnover Ratio (in times) (Revenue from Operations/ Average Inventory)	4.2	2.6	61	Ratio has improved as the Company achieved higher Revenue in comparison with previous year.
6	Trade Receivable - Turnover Ratio (in Times) (Revenue from Operations /Average Trade Receivable)	9.7	5.5	76	Ratio has improved as the Company was able to secure faster realisation of Trade Receivable.
7	Trade Payable - Turnover Ratio (in Times) (Expenses /Trade Payable) (Expenses : Total Expenses - Finance cost - Depreciation and Amortisation Expenses - Other Expenses with respect to Rates & Taxes , Provision for Doubtful Debt - Loss on foreign exchange fluctuation)	3.3	1.9	69	Ratio has improved due to better working capital management.
8	Net Capital Turnover Ratio (in times) (Revenue from Operations /Current Assets - Current Liabilities)	(0.8)	(0.9)	(15)	Not Applicable
9	Net Profit Ratio (%) (Net Profit / (Loss) after tax / Revenue from Operations)	(32.4)	(31.8)	2	Not Applicable
10	Return on Capital Employed (%) (EBIT / Capital Employed = (Total Equity + Total Borrowings)	(3.6)	(3.8)	(5)	Not Applicable
11	Return on Investment (Income generated from invested fund/treasury investments)	-	-	-	Not Applicable

## 50 Additional regulatory information required by schedule III to the Companies Act,2013

- I. The Company has not traded or invested in crypto currency or virtual currency during the year.
- II. The Company does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- III. There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.
- IV. The Company does not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.
- V. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - (b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- VI. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on

behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

VII The Company has not been declared wilful defaulter by any banks / financial institution.

VIII The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the current year or previous year.

IX. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act 2013 read with Companies (Restrictions on number of Layers) Rules, 2017.

X. The Company has not obtained any new sanctioned working capital limit during the year, from banks and/or financial institution, on the basis of security of current assets. However, based on stock and debtors statement submitted to banks on quarterly basis for facilities obtained, the difference is not material as compared to value of stock and debtors with books of account.

XI. The Company has not obtained any term loans from banks and financial institution during the financial year.

XII. The Company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.

## **51 Related Party Disclosure**

### **i List of Related Parties**

#### **A. Joint Ventures**

**Morarjee Castiglioni (India) Private Limited**

#### **B. Key Management Personnel**

Ms. Urvi A. Piramal - Chairperson

Mr. Harshvardhan A. Piramal - Executive Vice Chairman

Mr. Amresh Narayan Chief Executive Officer (w.e.f. 04.08.21)  
and Whole Time Director (w.e.f. 02.09.2021)

Mr. R. K. Rewari - Managing Director (up to 31.08.2021)

Mr. Mahesh S. Gupta - Director

Lt. Gen. A. K. Singh (Retd.) - Director

Ms. Alpana Samir Chinai - Director

Mr. Archit Jayakar - Director

Mr. Devesh Dadheech - Director

Mr. S. C. Kashimpuria - Chief Finance Officer (up to 31.10.2021)

Mr. Naveen Kumar Dadi- VP Finance & Accounts (w.e.f. 18.10.2021)  
and Chief Finance Officer (w.e.f. 01.11.2021)

Ms. Nishthi H Dharmani - Company Secretary

#### **C. Enterprises over which Key Management Personnel exercise significant influence with whom transactions were entered into during the year**

Peninsula Land Limited

Ashok Piramal Management Corporation Limited

Ashok G. Piramal Trust

Urvi Ashok Piramal Foundation

Conservation Wildlands Trust

Miranda Tools Private Limited (Formerly know as PMP Auto Components Private Limited)

Integra Garments and Textiles Limited (upto 07.08.2021)

Argento Home Products LLP

Shrikrishna Finvest & Capital Management Pvt Ltd

# Notes to Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022

Piramal Nextgen Industries Private Limited

## ii. Details of Transactions are as follows:

(₹ in lakhs)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>A Sales of Products / Assets*</b>		
<b>Enterprises over which Key Management Personnel exercise significant influence</b>		
Argento Home Products LLP	0.84	22.29
Conservation Wildlands Trust	-	0.04
Shrikrishna Finvest & Capital Management Pvt Ltd	97.87	31.42
Urvi Ashok Piramal Foundation	0.17	-
Piramal Nextgen Industries Private Limited	0.60	-
<b>B Charges for Services Rendered by*</b>		
<b>Enterprises over which Key Management Personnel exercise significant influence</b>		
Ashok Piramal Management Corporation Limited	5.90	28.32
<b>C Remuneration and Sitting Fees</b>		
<b>Key Management Personnel</b>		
<b>Remuneration</b>		
Mr. R. K. Rewari <sup>#</sup>	138.69	113.40
Mr. Amresh Narayan	61.63	-
Mr. S. C. Kashimpuria <sup>#</sup>	87.02	43.95
Mr. Naveen Kumar Dadi	21.86	-
Ms. Nishthi H Dharmani	13.74	11.60
<sup>#</sup> Includes Gratuity and leave encashment etc. payable on resignation/ retirement.		
<b>Sitting Fees</b>		
Ms. Urvi A. Piramal	3.40	2.70
Mr. Mahesh S. Gupta	3.00	2.50
Lt. Gen. A. K. Singh (Retd.)	4.85	3.90
Ms. Alpana Samir Chinai	2.50	2.55
Mr. Archit Jayakar	3.20	3.90
Mr. Devesh Dadheech	4.45	2.70
<b>D Rent and Maintenance Expenses*</b>		
Enterprises over which Key Management Personnel exercise significant influence		
<b>Miranda Tools Private Limited</b>	-	0.35
<b>* Inclusive Goods and Services Tax</b>		
(₹ in lakhs)		
Particulars	As at 31.03.2022	As at 31.03.2021
<b>E Outstanding Balances</b>		
<b>a. Payable</b>		
<b>Joint Venture</b>		
Morarjee Castiglioni (India) Private Limited	69.03	74.89

		(₹ in lakhs)	
Particulars	As at 31.03.2022	As at 31.03.2021	
<b>Enterprises over which Key Management Personnel exercise significant influence</b>			
Peninsula Land Limited	292.26	360.73	
Miranda Tools Private Limited	-	0.06	
<b>b. Receivable</b>			
<b>Enterprises over which Key Management Personnel exercise significant influence</b>			
Argento Home Products LLP	-	3.83	
Ashok G. Piramal Trust	-	0.14	
Conservation Wildlands Trust	-	0.04	
Shrikrishna Finvest & Capital Management Pvt Ltd	49.52	23.53	
Urvi Ashok Piramal Foundation	0.17	-	
Piramal Nextgen Industries Private Limited	0.60	-	
<b>c. Security Deposit Receivables</b>			
<b>Enterprises over which Key Management Personnel exercise significant influence</b>			
Peninsula Land Limited	12.00	12.00	

## 52 Earnings Per Share

(Rs. in lakhs, unless stated otherwise)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(a) <b>Profit attributable to Equity shareholders of the Company</b>	(8,811.57)	(6,162.53)
(b) Weighted average number of ordinary shares (No.)	3,63,32,349	3,63,32,349
(c) Earnings per share - Basic and Diluted (Rs.)	(24.25)	(16.96)
(d) Face value of an equity share (Rs.)	7	7

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

As per our attached report of even date

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI FRN : 103523W / W100048

**Sumant Sakhardande**  
Partner  
Membership No. 034828  
Mumbai : 19th May,2022

**Urvi A. Piramal**  
(DIN 00044954)  
Chairperson

**Alpana Chinai**  
(DIN 00136144)  
Director

**Harshvardhan A. Piramal**  
(DIN 00044972)  
Executive Vice Chairman

**Archit Jayakar**  
(DIN 01904013)  
Director

For and on behalf of Board of Directors

**Amresh Narayan**  
(DIN - 09302625)  
Director & CEO

**Devesh Dadheech**  
(DIN - 01656629)  
Director

**Mahesh S. Gupta**  
(DIN 00046810)  
Director

**Naveen Kumar Dadi**  
Chief Financial Officer

**Lt.Gen.A.K.Singh (Retd.)**  
(DIN 07698288)  
Director

**Nishthi H. Dharmani**  
Company Secretary



# Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2022

Particulars	31st March, 2022		31st March, 2021	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit Before Tax		(8,811.57)		(7,398.79)
Adjustments for :				
Depreciation and amortisation	2,288.47		2,327.89	
Finance costs	7,246.32		5,454.72	
Provision for doubtful debts	145.00		150.00	
Deferred income	(90.69)		(90.69)	
Interest income	(26.64)		(25.30)	
		<u>9,562.46</u>		<u>7,816.62</u>
<b>Operating Profit Before Working Capital Changes</b>		750.89		417.83
<b>Adjustments for Changes in Working Capital</b>				
(Increase)/ Decrease in trade and other receivables	2,007.80		(49.77)	
(Increase) /Decrease in inventories	(245.91)		2,146.71	
Increase/(Decrease) in trade payables and other liabilities	<u>(710.53)</u>		<u>(12,325.27)</u>	
		<u>1,051.36</u>		<u>(10,228.33)</u>
<b>Cash Generated From Operations</b>		1,802.25		(9,810.50)
Direct taxes paid		<u>(17.39)</u>		<u>(8.62)</u>
<b>Net Cash Flow from Operating Activities (A)</b>		1,784.86		(9,819.12)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of PPE (Including Capital Advances)	(29.61)		(75.55)	
Interest received	25.92		15.64	
Maturity of / (Investment in) fixed deposit with banks	<u>(6.42)</u>		<u>22.77</u>	
<b>Net Cash Used in Investing Activities (B)</b>		(10.11)		(37.14)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayment of long-term borrowings	(178.96)		(100.72)	
Increase/ (Decrease) in short-term borrowings	351.13		12,437.57	
Interest paid	<u>(761.70)</u>		<u>(2,018.69)</u>	
<b>Net Cash Flow from / (Used in) Financing Activities (C)</b>		(589.53)		10,318.13
Net Increase / (Decrease) in Cash and Cash Equivalents (A)+(B)+(C)		1,185.22		461.87
Cash and Cash Equivalents (Refer Note no. 9) :-				
- At the beginning of the year		488.89		27.02
- At the end of the year		1,674.11		488.89

1. The Statement of Cash Flows is prepared in accordance with Ind AS 7 as notified by Ministry of Corporate Affairs.

2. In Part A of the Statement of Cash Flows, figures in brackets indicate deduction made from the net profit for deriving the net cash flow from operating activities. In Part B and Part C, figures in brackets indicate cash outflows.

3. Refer Note no. 36 for reconciliation of liabilities arising from Financing Activities.

As per our attached report of even date			For and on behalf of Board of Directors		
For <b>Haribhakti &amp; Co. LLP</b>	<b>Urvi A. Piramal</b>	<b>Harshvardhan A. Piramal</b>	<b>Amresh Narayan</b>	<b>Mahesh S. Gupta</b>	<b>Lt.Gen.A.K.Singh (Retd.)</b>
Chartered Accountants	(DIN 00044954)	(DIN 00044972)	(DIN - 09302625)	(DIN 00046810)	(DIN 07698288)
ICAI FRN : 103523W / W100048	Chairperson	Executive Vice Chairman	Director & CEO	Director	Director
<b>Sumant Sakhardande</b>	<b>Alpana Chinai</b>	<b>Archit Jayakar</b>	<b>Devesh Dadheech</b>	<b>Naveen Kumar Dadi</b>	<b>Nishthi H. Darmani</b>
Partner	(DIN 00136144)	(DIN 01904013)	(DIN - 01656629)	Chief Financial Officer	Company Secretary
Membership No. 034828	Director	Director	Director		
Mumbai : 19th May,2022					

# Independent Auditor's Report

To the Members of Morarjee Textiles Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

## Opinion

We have audited the accompanying consolidated Ind AS financial statements of Morarjee Textiles Limited (hereinafter referred to as "the Holding Company") and its joint venture, comprising of the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated Ind AS financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate Ind AS financial statements and on the other financial information of the joint venture, the aforesaid consolidated Ind AS 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 accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the consolidated state of affairs of the Holding Company and its joint venture as at March 31, 2022, their consolidated loss (including other comprehensive income), their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with 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 Consolidated Ind AS Financial Statements section of our report. We are independent of the Holding Company and its joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and 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 on the consolidated Ind AS financial statements.

## Material Uncertainty Related to Going Concern

We draw attention to Note 48(ii) in the consolidated Ind AS financial statements, which indicates that the Holding Company has incurred a net loss after tax of Rs. 8,811 lakhs, including cash losses, during the year ended March 31, 2022 and as of that date, the Holding Company's accumulated losses amount to Rs. 17,504 lakhs, resulting in complete erosion of the net worth of the Holding Company. Further, there have been continuous delays and defaults in repayment of debt obligations leading to classification of Holding Company's debt as non-performing by the lenders. These conditions along with other matters as set forth in the said note indicate that a material uncertainty exists that may cast significant doubt on the Holding Company's ability to continue as a going concern. The Holding Company has submitted a debt restructuring plan to consortium of lenders and certain measures have been put in place. With the successful implementation of debt restructuring plan along with other strategic initiatives, the management has a reasonable expectation that the Holding Company would have ability and adequate resources to continue its operational existence for the foreseeable future and therefore, the consolidated Ind AS financial statements has been prepared on going concern basis.

Our opinion is not modified in respect of this matter.

## Emphasis of Matter

We draw attention to the following matters in the notes to the consolidated Ind AS financial statements:

- (a) Note 47 to the consolidated Ind AS financial statements, which describes the uncertainties and the management's assessment of the financial impact on the Holding Company due to COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon the circumstances as they evolve in the subsequent period.<sup>7</sup>
- (b) Note 12 to the consolidated Ind AS financial statements, regarding carry forward of GST input tax credit amounting to Rs 4,362 lakhs as on March 31, 2022 for the reason stated in the said note.
- (c) Note 35(i) to the consolidated Ind AS financial statements, regarding MAT Credit Entitlement amounting to Rs 3,041 lakhs as on March 31, 2022 which is based on the judgment of the management that the MAT credit would be fully utilized against future tax liability.

Our opinion is not modified in respect of these matters.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the

consolidated Ind AS financial statements of the current year. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to

the matter described in the Material Uncertainty Related to Going Concern Section above, we have determined the matter described below to be the key audit matter to be communicated in our report.

Sr. No.	Key audit matter	How our audit addressed the key audit matter
1.	<p><b><u>Valuation of Inventory (Refer Note 7 to Consolidated Financial Statements):</u></b></p> <p>Total inventory valuation as on March 31, 2022 is Rs 6,644 lakhs (March 31, 2021: Rs 6,398 lakhs)</p> <p>Inventory of Holding Company comprises of finished goods, Work in Progress (WIP), Raw Material and Consumables. As described in Note 7 to the consolidated Ind AS financial statements, cost of Inventory represents the costs of materials, conversion cost and related production costs at each stage till date. It is held at the lower of cost and net realisable value (NRV). Some of the finished goods and WIP (Grey Cloth) are slow moving.</p> <p>Considering the materiality of the amount involved and degree of management judgment in valuation, we have identified valuation of inventory as a key audit matter for the current year audit.</p>	<p><u>Our audit procedures in respect of this area included but not limited:</u></p> <p>We understood and tested the design and operating effectiveness of controls as established by the management for valuation of inventory and identifying slow moving inventory and determination of net realizable value of inventory as on date.</p> <p>We observed the physical inventory verification procedures carried out by the management as at the year end.</p> <p>We performed year end cut-off procedures to validate the actual stocks carried in the inventory as at year end.</p> <p>We tested the adequacy of the key assumptions and estimates used to determine cost allocation at each stage of production and consistency in such allocation including mathematical accuracy of the calculations.</p> <p>We performed NRV testing by comparing subsequent sale/order value.</p> <p>We also evaluated judgment used by the management for arriving at the diminution in value of slow moving inventory.</p> <p>The above audit procedures enabled us to conclude on the valuation of inventory held by the Holding Company as on the date of Balance Sheet.</p>

### Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Holding Company's Management Discussion & Analysis, Corporate Governance and Director's Report, but does not include the standalone Ind AS financial statements, consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS 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 consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

### Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the

Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Holding Company and its joint venture in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Holding Company and its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding Company and its joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the Holding Company and its joint venture are responsible for assessing the ability of the Holding Company and its joint venture to continue as a going

concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Holding Company and its joint venture or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of Holding Company and its joint venture are responsible for overseeing the financial reporting process of the Holding Company and its joint venture.

### **Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 consolidated Ind AS 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 consolidated Ind AS 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 Holding Company and its joint venture company, which is a company incorporated in India, have adequate internal financial controls with reference to financial statements 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 Holding Company and its joint venture 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 consolidated Ind AS 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 Holding Company and its joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Holding Company of which we are the independent auditor, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the Ind AS financial statements of such entity included in the consolidated Ind AS financial statements of which we are the independent auditor. For the other entity included in the consolidated Ind AS financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in



our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

The consolidated Ind AS financial statements include Holding Company's share of net loss (including other comprehensive income) of Rs. 2.39 lakhs for the year ended March 31, 2022, as considered in the consolidated Ind AS financial statements, in respect of one joint venture, whose Ind AS financial statements have not been audited by us. These Ind AS financial statements have been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this joint venture, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid joint venture, is based solely on the report of the other auditor.

Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

### Report on Other Legal and Regulatory Requirements

- (1) With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and taking into consideration the report of other auditor on separate Ind AS financial statements of joint venture, included in the consolidated Ind AS financial statements of the Holding Company, to which reporting under CARO is applicable, we report in "Annexure 1" the details of the qualifications or adverse remarks reported in the aforesaid CARO reports.
- (2) As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate Ind AS financial statements and the other financial information of joint venture, as noted in the Other Matters section above we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements;
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid

consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor;

- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. The matter described in the Material Uncertainty Related to Going Concern and Emphasis of Matter section above, in our opinion, may have an adverse effect on the functioning of the Holding Company;
- f. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its joint venture company, incorporated in India, none of the directors of the Holding Company and its joint venture company, incorporated in India, is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act;
- g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its joint venture company incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";
- h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us by the Holding Company and the report of the statutory auditors of its joint venture company incorporated in India, the remuneration paid/ provided to their directors during the year by the Holding Company and joint venture company incorporated in India is in accordance with the provisions of section 197 of the Act;

- i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11

of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company and its joint venture – Refer Note 37 to the consolidated Ind AS financial statements;
- (ii) The Holding Company and its joint venture did not have any material foreseeable losses 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 Holding Company and its joint venture company incorporated in India.
- (iv) (a) Based on our audit report on separate Ind AS financial statements of the Holding Company, incorporated in India, and consideration of report of the other auditor on separate Ind AS financial statements of its joint venture company, incorporated in India, whose financial statements have been audited under the Act, the management of the Holding Company and the respective management of the aforesaid joint venture, have represented that, to the best of their knowledge and belief, other than as disclosed in the notes to consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company and its joint venture 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 Holding Company and its joint venture ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (iv) (b) Based on our audit report on separate Ind AS financial statements of the Holding Company, incorporated in India, and

consideration of report of the other auditor on separate Ind AS financial statements of its joint venture company, incorporated in India, whose financial statements have been audited under the Act, the management of the Holding Company and the respective management of the aforesaid joint venture, have represented that, to the best of their knowledge and belief, other than as disclosed in the notes to consolidated Ind AS financial statements, no funds have been received by the Holding Company and its joint venture from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company and its joint venture 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;

- (iv) (c) Based on the audit procedures that are considered reasonable and appropriate in the circumstances, and consideration of report of the other auditor on separate Ind AS financial statements of the joint venture company, incorporated in India, whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The Holding Company and based on the audit report of the joint venture company, incorporated in India, has not declared nor paid any dividend during the year. Hence, reporting the compliance with section 123 of the Act is not applicable.

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

**Sumant Sakhardande**

Partner

Membership No. 034828

UDIN: 22034828AJGTH11476

Place: Mumbai

Date: May 19, 2022



## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of Morarjee Textiles Limited on the consolidated Ind AS financial statements for the year ended March 31, 2022]

According to the information and explanations given to us, and based on the report issued under the Order by us for the Holding Company and the auditor of joint venture, included in the consolidated Ind AS financial statements of the Company, to which reporting under the Order is applicable, the details of certain remarks are as below:

Sr. No.	Name	CIN	Holding Company / Subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Morarjee Textiles Limited	L52322MH1995PLC090643	Holding Company	Clause vii(a), vii(b), ix(a) xvii and xix
2	Morarjee Castiglioni India Private Limited	U17110MH1997PTC110278	Joint Venture	Clause xvii

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

**Sumant Sakhardande**

Partner

Membership No. 034828

UDIN: 22034828AJGTHI1476

Place: Mumbai

Date: May 19, 2022

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of Morarjee Textiles Limited on the consolidated Ind AS financial statements for the year ended March 31, 2022]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Morarjee Textiles Limited ("Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company and its joint venture company, which is a company incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its joint venture company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with

reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of Holding Company and its joint venture company, which is a company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 and the audit evidence obtained by the other auditor, in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of Holding Company and its joint venture company.

#### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 and to the best of our information and according to the explanations given to us and based on consideration of reporting of other auditor as mentioned in Other Matter paragraph below, the Holding Company and its joint venture company, which is a company incorporated in India, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

#### **Other Matter**

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to one joint venture company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

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**Sumant Sakhardande**

Partner

Membership No. 034828

UDIN: 22034828AJGTHI1476

Place: Mumbai

Date: May 19, 2022

# Consolidated Balance Sheet

as at 31<sup>st</sup> March, 2022

	Note	31.03.2022 ₹ in lakhs	31.03.2021 ₹ in lakhs
<b>ASSETS</b>			
<b>1. Non-current Assets</b>			
a) Property, Plant and Equipment	2	40,864.52	43,072.22
b) Right of use Assets	2	13.43	42.20
c) Intangible Assets	2	98.16	120.55
d) Investment in Joint Venture	3	49.30	51.69
e) Financial Assets			
a) Investments	4	0.89	0.89
b) Other Financial Assets	4	55.56	36.63
f) Deferred Tax Assets (Net)	18	3,041.42	3,041.42
g) Non-current Tax Assets	5	77.56	60.17
h) Other Non-current Assets	6	51.00	51.00
		<u>44,251.84</u>	<u>46,476.77</u>
<b>2. Current Assets</b>			
a) Inventories	7	6,644.02	6,398.11
b) Financial Assets			
i) Trade Receivables	8	2,094.12	3,544.65
ii) Cash and Cash Equivalents	9	1,674.11	488.89
iii) Bank Balances other than (ii) above	10	159.08	167.68
iv) Loans	11	8.10	22.16
c) Other Current Assets	12	7,866.42	8,564.64
		<u>18,445.85</u>	<u>19,186.13</u>
Total Assets		<u>62,697.69</u>	<u>65,662.90</u>
<b>EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
a) Equity Share Capital	13	2,543.26	2,543.26
b) Other Equity	14	(11,875.90)	(3,049.72)
		<u>(9,332.64)</u>	<u>(506.46)</u>
<b>2. Liabilities</b>			
Non-current Liabilities			
a) Financial Liabilities			
i) Borrowings	15	15,579.03	22,879.63
ii) Lease Liabilities	16	-	16.23
b) Provisions	17	419.46	655.15
c) Other Non-current Liabilities	19	1,597.59	1,688.28
		<u>17,596.08</u>	<u>25,239.29</u>
Current Liabilities			
a) Financial Liabilities			
i) Borrowings	20	36,942.39	28,759.84
ii) Lease Liabilities	21	19.93	33.26
iii) Trade Payables	22		
Total Outstanding dues of Micro Enterprises and Small Enterprises		1,118.84	1,460.49
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		6,560.30	6,911.45
iv) Other Financial Liabilities	23	9,098.72	3,315.22
b) Other Current Liabilities	24	512.59	418.38
c) Provisions	25	181.48	31.43
		<u>54,434.25</u>	<u>40,930.07</u>
Total Equity and Liabilities		<u>62,697.69</u>	<u>65,662.90</u>
Significant Accounting Policies	1		
Notes forming part of the Standalone financial statements	2-52		

As per our attached report of even date

For and on behalf of Board of Directors

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI FRN : 103523W / W100048

**Sumant Sakhardande**

Partner

Membership No. 034828

Mumbai : 19th May, 2022

**Urvi A. Piramal**

(DIN 00044954)

Chairperson

**Alpana Chinai**

(DIN 00136144)

Director

**Harshvardhan A. Piramal**

(DIN 00044972)

Executive Vice Chairman

**Archit Jayakar**

(DIN 01904013)

Director

**Amresh Narayan**

(DIN - 09302625)

Director & CEO

**Devesh Dadheech**

(DIN - 01656629)

Director

**Mahesh S. Gupta**

(DIN 00046810)

Director

**Naveen Kumar Dadi**

Chief Financial Officer

**Lt.Gen.A.K.Singh (Retd.)**

(DIN 07698288)

Director

**Nishthi H. Dharmani**

Company Secretary

# Consolidated Statement of Profit & Loss

## for the year ended 31<sup>st</sup> March, 2022

	Note	31.03.2022 ₹ in lakhs	31.03.2021 ₹ in lakhs
<b>INCOME</b>			
Revenue from Operations	26	27,233.19	19,388.65
Other Income	27	117.58	116.11
Total Income		27,350.77	19,504.76
<b>EXPENSES</b>			
Cost of Materials Consumed	28	11,582.71	5,747.89
Changes in Inventories of Work-in-Progress and Finished Goods	29	4.32	1,667.30
Manufacturing Expenses	30	10,605.47	7,285.43
Employee Benefits Expense	31	2,820.58	2,396.76
Administrative, Selling and Other Expenses	32	1,614.47	2,023.56
Finance Costs	33	7,246.32	5,454.72
Depreciation and Amortisation Expenses	2	2,288.47	2,327.89
Total Expenses		36,162.34	26,903.55
(Loss) before Tax		(8,811.57)	(7,398.79)
Tax Expense	35		
- Current Tax (Minimum Alternate Tax)		-	-
- Deferred Tax (Net of MAT Credit Entitlement)		-	(1,236.26)
Total Tax Expense		-	(1,236.26)
(Loss) for the year		(8,811.57)	(6,162.53)
Share in Profit of Joint Venture		(2.39)	(3.74)
(Loss) for the year		(8,813.96)	(6,166.27)
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
Remeasurement of Defined Benefit Obligation	34	(12.22)	(39.18)
(ii) Income Tax relating to items that will not be reclassified to profit or loss	35	-	10.90
Total Other Comprehensive Income		(12.22)	(28.28)
Total Comprehensive Income for the year		(8,826.18)	(6,194.55)
Earning Per Equity Share - Basic and Diluted (₹)	51	(24.26)	(16.97)
(Face value ₹ 7/-each)			
Significant Accounting Policies	1		
Notes forming part of the Standalone financial statements	2-52		

As per our attached report of even date

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI FRN : 103523W / W100048  
**Sumant Sakhardande**  
Partner  
Membership No. 034828  
Mumbai : 19th May, 2022

**Urvi A. Piramal**  
(DIN 00044954)  
Chairperson  
**Alpana Chinai**  
(DIN 00136144)  
Director

**Harshvardhan A. Piramal**  
(DIN 00044972)  
Executive Vice Chairman  
**Archit Jayakar**  
(DIN 01904013)  
Director

For and on behalf of Board of Directors

**Amresh Narayan**  
(DIN - 09302625)  
Director & CEO  
**Devesh Dadheech**  
(DIN - 01656629)  
Director

**Mahesh S. Gupta**  
(DIN 00046810)  
Director

**Naveen Kumar Dadi**  
Chief Financial Officer

**Lt.Gen.A.K.Singh (Retd.)**  
(DIN 07698288)  
Director  
**Nishthi H. Dharmani**  
Company Secretary

## Consolidated Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2022

### (a) Equity Share Capital (Refer Note no. 13)

Particulars	₹ in lakhs	
	Year ended 31.03.2022	Year ended 31.03.2021
Balance at the beginning of the year	2,543.26	2,543.26
Changes in equity share capital during the year	-	-
Balance at the end of the year	2,543.26	2,543.26

### (b) Other Equity (Refer Note no. 14)

Particulars	Reserve & Surplus		Total
	General Reserve	Retained Earnings	
Balance as at 1st April, 2020	5,627.91	(2,483.08)	3,144.83
(Loss) for the year	-	(6,166.27)	(6,166.27)
Other Comprehensive Income for the year (Remeasurement of Defined Benefit Obligation - Net of Tax)	-	(28.28)	(28.28)
Balance as at 31st March, 2021	5,627.91	(8,677.63)	(3,049.72)
(Loss) for the year	-	(8,813.96)	(8,813.96)
Other Comprehensive Income for the year (Remeasurement of Defined Benefit Obligation - Net of Tax)	-	(12.22)	(12.22)
Balance as at 31st March, 2022	5,627.91	(17,503.81)	(11,875.90)

As per our attached report of even date

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI FRN : 103523W / W100048  
**Sumant Sakhardande**  
Partner  
Membership No. 034828  
Mumbai : 19th May, 2022

**Urvi A. Piramal**  
(DIN 00044954)  
Chairperson  
**Alpana Chinai**  
(DIN 00136144)  
Director

**Harshvardhan A. Piramal**  
(DIN 00044972)  
Executive Vice Chairman  
**Archit Jayakar**  
(DIN 01904013)  
Director

For and on behalf of Board of Directors

**Amresh Narayan**  
(DIN - 09302625)  
Director & CEO  
**Devesh Dadheech**  
(DIN - 01656629)  
Director

**Mahesh S. Gupta**  
(DIN 00046810)  
Director  
**Naveen Kumar Dadi**  
Chief Financial Officer

**Lt.Gen.A.K.Singh (Retd.)**  
(DIN 07698288)  
Director  
**Nishthi H. Dharmani**  
Company Secretary

# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

## Company Overview

Morarjee Textiles Limited ("the Company") is a public limited company, incorporated and domiciled in India which mainly deals in manufacture of yarn and fabric. The registered office of the Company is located at, Peninsula Corporate Park, Unit 5, Ground Floor, Peninsula Tower-1, Wing B, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The consolidated financial statements for the year ended 31st March, 2022 were approved by the Board of Directors and authorized for issue on 19th May, 2022.

## Note 1: Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these Ind AS financial statements except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

Pursuant to amendment to the Schedule III of the Companies Act, 2013 issued by the Ministry of Corporate Affairs; following Balance Sheet line items in the previous year have been regrouped:

- a. Security deposits - earlier disclosed under the head of 'Loans' are shown under 'Other Financial Assets'
- b. Current portion of long-term borrowings - earlier disclosed under the head of 'Other Financial Liabilities' is shown under 'Borrowings'.

Other new disclosures are given together with related notes.

## (a) Basis of Preparation of Financial Statements

### (i) Statement of Compliance with Indian Accounting Standards (Ind AS)

These financial statements comply, in all material respects, with Ind AS notified under section 133 of the Companies Act, 2013 ("the Act"), Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act and other accounting principles generally accepted in India. The financial statements are prepared on accrual and going concern basis.

### (ii) Principles of Consolidation and Equity Accounting

Investments in Joint Ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated Balance Sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the Statement of Profit and Loss, and the Group's share of Other Comprehensive Income of the investee in Other Comprehensive Income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees are changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity accounted investments is tested for impairment.

### (iii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

- a) Certain financial assets and liabilities that are measured at fair value
- b) Derivative financial instruments

### (iv) Functional and Presentation Currency

These financial statements are presented in Indian Rupees, which is also the functional currency of the Company. All financial information presented in Indian Rupees has been rounded off to two decimals in lakhs.



# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

## **(v) Current and Non-current Classification**

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle (Twelve months) and other criteria set out in Schedule III to the Act.

## **(b) Property, Plant and Equipment (PPE) and Depreciation**

All items of PPE are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost includes its purchase price including non-refundable taxes and duties, directly attributable costs of bringing the asset to its present location and condition and initial estimate of costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the carrying amount of PPE or recognised as a separate PPE, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Machinery spares and servicing equipment are recognised as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory.

Capital work-in-progress includes cost of PPE under installation / under development as at the Balance Sheet date.

The Company depreciates its PPE over the useful life in the manner prescribed under Part C of Schedule II to the Act. Depreciation commences when the assets are ready for their intended use and is computed on pro-rata basis from the date of installation/ acquisition till the date of sale/ disposal. Management believes that useful life of assets are same as those prescribed in Schedule II to the Act, except for machinery spares wherein based on technical evaluation, useful life has been estimated to be different from that prescribed in Schedule II of the Act

Useful life considered for calculation of depreciation for machinery spares varies from 2 to 10 years.

Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition.

Lease hold PPE are amortised over the period of lease or useful life, whichever is lower. Leasehold land (under Finance Lease) is amortised over the period of lease.

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount. These are included in the Statement of Profit and Loss.

## **(c) Intangible Assets and Amortisation**

Intangible assets that are acquired by the Company, which have finite useful lives are measured at cost less amortisation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost includes its purchase price including non-refundable taxes and duties, directly attributable costs of bringing the asset to its present location and condition.

Intangible assets are amortised on straight line basis over the estimated useful life.

Useful life considered for amortisation of intangible assets being computer Software is 10 years.

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount. These are included in the Statement of Profit and Loss.

## **(d) Leases**

At inception of a contract, company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **Where the Company is Lessee**

At the Inception, lessee shall recognise and measure Right-of-use asset and lease liability at cost. Right of use assets shall comprise initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease liability is the present value of the lease payments that are not paid. These lease payments shall be discounted using the interest rate implicit in the lease (if readily determined) otherwise should be discounted at lessee's incremental borrowing rate.

If the lease contract transfers ownership of the underlying asset, at the end of the lease term or if, the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, then depreciate the right-of-use asset over the useful life of the underlying asset. Otherwise, depreciate the right-of-use asset till the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier.

The lease term as the non-cancellable period of a lease, together with both: (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Subsequently, lessee shall measure the right-of-use asset applying a cost model.

#### **(e) Borrowing Cost**

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate applicable to the respective borrowing.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use. Other borrowing costs are expensed in the period in which they are incurred.

#### **(f) Government Grants**

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchase of PPE are included in non-financial liabilities as deferred income and are credited to the Statement of Profit and Loss on straight line basis over the expected lives of related assets and presented within other income.

Government grants relating to an expense item are recognised in the Statement of Profit and Loss by way of a deduction to the related expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

#### **(g) Financial instruments**

##### **(i) Financial Assets**

###### **Initial Recognition and Measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

###### **Subsequent Measurement**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, as per Ind AS 109.

###### **a. Subsequent Measurement - Equity Instruments**

All equity investments other than investments in subsidiaries, joint ventures and associates are measured at fair value. Equity investments which are held for trading are classified as FVTPL. For all other equity investments, the Company decides to classify the same either at FVTOCI or FVTPL. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

Investment in equity instruments of subsidiaries, joint ventures and associates are measured at cost.

###### **b. Subsequent Measurement - Debt Instruments**

A financial asset being debt instrument that meets the following 2 conditions is measured at amortised cost (net off any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

Business Model Test: the objective of the Company's model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

Cash Flow Characteristics Test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A financial asset that meets the following 2 conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

Business Model Test: the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets.

Cash Flow Characteristics Test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different basis.

All other debt instruments are measured at fair value through profit or loss.

## **Derecognition of Financial Assets**

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset, to another entity.

## **Impairment of Financial Assets**

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and FVTOCI.

For financial assets other than trade receivables, whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, considering historical trend, industry practices and the business environment in which the Company operates or any other appropriate basis.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

## **(ii) Equity and Financial Liabilities**

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

### **a. Equity Instruments**

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

### **b. Financial Liabilities**

#### **Initial Recognition and Measurement**

Financial liabilities are initially recognised at fair value plus any transaction costs that are attributable to the acquisition of the financial liabilities, except for the financial liabilities at FVTPL which are initially measured at fair value.

#### **Subsequent Measurement**

The financial liabilities are classified for subsequent measurement either at amortised cost or at fair value through Profit and Loss (FVTPL).

Amortised cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

### **Derecognition of Financial Liabilities**

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

### **Derivative Financial Instruments**

Derivative financial instruments such as forward contracts are taken by the Company to hedge its foreign currency risks, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise (other than in case of hedge accounting).

### **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

## **(h) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

- Level 1 — Quoted prices in active markets for identical assets or liabilities
- Level 2 — Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 — Inputs for the asset or liability that are not based on observable market data.

## **(i) Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The cost formula used for determination of cost is 'Weighted Average Cost'.

Machinery spares, stand-by equipment and servicing equipment are recognised as inventory when the useful life is less than one year and the same are charged to the Statement of Profit and Loss as and when issued for consumption.

## **(j) Income Tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The Company's liability for current tax is calculated using the Indian tax rates and laws that have been enacted by the reporting date. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and provisions where appropriate.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred income tax is

# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

## **(k) Provisions and Contingencies**

### **Provisions**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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

### **Contingent Liabilities and Contingent Assets**

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

Contingent assets are not recognised in the financial statements. If the inflow of economic benefits is probable, then it is disclosed in the financial statements.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each Balance Sheet date.

## **(l) Employee Benefits**

### **(i) Short-term Obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

### **(ii) Post-employment Obligations**

The Company operates the following post-employment schemes:

- (a) Defined benefit plan (Gratuity), and
- (b) Defined contribution plans such as superannuation scheme, provident fund.

### **Defined Benefit Plan**

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually on the basis of actuarial valuation using the Projected Unit Credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefits expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

### **Defined Contribution Plans**

Defined Contribution Plans such as superannuation scheme, provident fund are charged to the Statement of Profit and Loss as an expense, when an employee renders the related services.

### **(iii) Other Long-term Employee Benefits**

The liabilities for compensated absences that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the Projected Unit Credit method. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the Balance Sheet if the entity does not have any unconditional right to defer settlement for at least 12 months after the end of the reporting period, regardless of when the actual settlement is expected to occur.

### **(m) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM monitors the operating results of its business segments separately for the purpose of making decision about the resources allocation and performance assessment. The operating segments have been identified on the basis of the nature of products/ services.

The Board of Directors of the Company has appointed the Chief Executive Officer & Additional Director as the Chief Operating Decision Maker (CODM) who is assessing the financial performance and position of the Company, and makes strategic decisions.

### **(n) Cash and Cash Equivalents**

For the purpose of presentation in the Statement of Cash Flows as well as the Balance Sheet, cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **(o) Earnings per Share (EPS)**

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

Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net off any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

### **(p) Non-current Assets Held for Sale**

The Company classifies non-current assets as held sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the



# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

lower of their carrying amount and fair value less costs to sell. Any expected loss is recognised immediately in the Statement of Profit and Loss.

The criteria for held for sale classification are regarded as met only when the sale is highly probable i.e. an active program to locate a buyer to complete the plan has been initiated and the asset is available for immediate sale in its present condition and the assets must have been actively marketed for sale at a price that is reasonable in relation to its current fair value. Actions required to complete the sale should indicate that it is unlikely that significant changes to that plan to sell these assets will be made. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

PPE and intangible assets once classified as held for sale are not depreciated or amortised. Assets and liabilities classified as held for sale are presented separately as current items in the Balance Sheet.

## **(q) Dividend Distribution to Equity Shareholders**

Dividend distributed to Equity shareholders is recognised as distribution to owners of capital in the Statement of Changes in Equity, in the period in which it is paid. Dividend proposed by the Board of Directors, subject to the approval of shareholders, is disclosed in the notes to financial statements.

## **(r) Foreign Currency Transactions**

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

## **(s) Revenue Recognition**

The Company derives revenues primarily from sale of manufactured goods.

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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable net of discounts, returns and rebates taking into account contractually defined terms and excluding taxes or duties collected on behalf of the government.

### **Sale of Products**

Sales are recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit term is 0 to 180 days on delivery. In determining the transaction price for sale of goods, the company considers the effect of variable consideration, the existence of significant financial components and consideration payable to the customer (if any).

The company provides volume rebates to certain customers once the quantity of product purchased during the period exceeds a threshold limit specified in the contract. The company does not adjust consideration for the effect of a significant financial component, if it expects, at contract inception, that customer pays for those goods within one year. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods.

### **Duty Drawback Scheme/MEIS Scheme**

Export benefits under Duty Drawback Scheme/MEIS/RODTEP Scheme is estimated and accounted in the year of export.

### **Interest Income**

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable effective interest rate.

### **Dividend Income**

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

### **Income from Services**

Income from services is recognised (net of taxes as applicable) as they are rendered, based on agreement/arrangement with the concerned customers.

**(t) Significant Accounting Estimates, Judgements and Assumptions:**

The preparation of the Company's financial statements in conformity with Ind AS requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.

In the process of applying the Company's accounting policies, Management has made the following judgements which have significant effect on the amounts recognised in the financial statements:

- i. **Useful Lives of Property, Plant and Equipment:** Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalised. Useful life of tangible assets is based on the life specified in Schedule II of the Act and also as per Management estimate for certain category of assets. Assumption also needs to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the assets may be capitalised.
- ii. **Fair Value Measurement of Financial Instruments:** When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/ judgements about these factors could affect the reported fair value of financial instruments.
- iii. **Measurement of Defined Benefit Plan:** The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
- iv. **Impairment of Financial Assets:** Trade receivables are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when Management deems them not collectable. Impairment is made on the expected credit loss model, which is the present value of the cash shortfall over the expected life of the financial assets. The impairment provisions for financial assets are based on assumption about the risk of default and expected loss rates. Judgement in making these assumptions and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.
- v. **Impairment of Non-financial Assets:** The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount.  
The company expects to recover full amount related to government subsidies related to interest and capitalisation. Further company also expects to recover/ adjust input tax credit related to GST in future.
- vi. **Contingencies:** Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/ claim/ litigation against the Company as it is not possible to predict the outcome of pending matters with accuracy.
- vii. **Net Realisable Value for Inventory Valuation:** The Company assesses net realisable value considering subsequent realisation, ageing and obsolescence for the purpose of valuation of inventories lower of cost or net realisable value.
- viii. **Estimation of uncertainties relating to the global health pandemic from COVID-19:**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories and other assets. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

## 1.1 Recent Pronouncements

The Ministry of Corporate Affairs ("MCA") MCA through a notification of March 23, 2022, introduced the Companies (Indian Accounting Standards) Amendment Rules, 2022 to amend the Companies (Indian Accounting Standards) Rules, 2015 which come into force with effect from April 1, 2022. The following are the amendments:

- i. Ind AS 103 - Business Combination The amendment specifies that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. For example, costs the acquirer expects but is not obliged to incur in the future to effect its plan to exit an activity of an acquiree or to terminate the employment of or relocate an acquiree's employees are not liabilities at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method and instead, the acquirer recognises those costs in its post combination financial statements in accordance with other Ind AS. This amendment does not significantly change the requirements of Ind AS 103 and the Company does not expect the amendment to have any significant impact in its consolidated financial statements.
- ii. Ind AS 109 - Financial Instruments The amendment clarifies that while performing the '10 percent test' for derecognition of a financial liability, for computing the discounted present value of the cash flows under the new terms, for determining fees paid net of fees received, a borrower should include only fees paid or received between borrower and lender, including fees paid or received by either the borrower or lender on the other's behalf. This amendment is under Annual Improvements to Ind AS (2021). The Company does not expect the above amendment/improvement to have any significant impact on its consolidated financial statements.
- iii. Ind AS 16 - Property Plant and Equipment The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, is not to be recognised in the profit or loss but is to be deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Company does not expect this amendment to have any impact its recognition of its property, plant and equipment in its consolidated financial statements.
- iv. Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets. The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both, the incremental costs of fulfilling that contract (examples would be direct labour, materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment also provides for transitional provisions for contracts for which the entity has not yet fulfilled its obligations. The Company does not expect this amendment to have any significant impact in its consolidated financial statements. The amendments to Ind AS 101 - First Time Adoption and Ind AS 41 – Agriculture have not been specified here since both Standards are presently not applicable to the Company.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022**

**Note 2 : Property, Plant and Equipment, Right of Use Assets and Intangible Assets**

₹ in lakhs

Particulars	Gross Block			Accumulated Depreciation and Amortisation			Net Block	
	Balance as at 01.04.2021	Additions	Deletion / Adjustments	Balance as at 31.03.2022	Balance as at 01.04.2021	For the year	Deletion / Adjustments	Balance as at 31.03.2022
<b>Property, Plant and Equipment *</b>								
Land - Leasehold	7,159.10	-	-	7,159.10	498.98	96.08	-	595.06
Buildings	13,503.39	1.74	-	13,505.13	2,658.43	548.11	-	3,206.54
Plant and Machinery	32,897.44	10.95	-	32,908.39	7,469.84	1,531.39	-	9,001.23
Computers	45.15	4.53	-	49.68	39.79	5.40	-	45.19
Furniture & Fixture	110.43	2.34	-	112.77	59.00	10.28	-	69.28
Office Equipment	81.02	5.07	-	86.09	69.95	7.48	-	77.43
Motor Vehicles	241.90	-	-	241.90	170.22	33.59	-	203.81
<b>Total - Property, Plant and Equipment (A)</b>	<b>54,038.43</b>	<b>24.63</b>	<b>-</b>	<b>54,063.06</b>	<b>10,966.21</b>	<b>2,232.33</b>	<b>-</b>	<b>13,198.54</b>
<b>Right of Use Assets</b>								
Right of Use Assets	99.74	-	-	99.74	57.54	28.77	-	86.31
<b>Total - Right of Use Assets (B)</b>	<b>99.74</b>	<b>-</b>	<b>-</b>	<b>99.74</b>	<b>57.54</b>	<b>28.77</b>	<b>-</b>	<b>86.31</b>
Intangible Assets								
Computer Software	286.07	4.98	-	291.05	165.52	27.37	-	192.89
<b>Total - Intangible Assets (C)</b>	<b>286.07</b>	<b>4.98</b>	<b>-</b>	<b>291.05</b>	<b>165.52</b>	<b>27.37</b>	<b>-</b>	<b>192.89</b>
<b>Grand Total (A+B+C)</b>	<b>54,424.24</b>	<b>29.61</b>	<b>-</b>	<b>54,453.85</b>	<b>11,189.27</b>	<b>2,288.47</b>	<b>-</b>	<b>13,477.74</b>

\* Charged against borrowings of the Company (Refer Note no. 15 and 20)

₹ in lakhs

Particulars	Gross Block			Accumulated Depreciation and Amortisation			Net Block	
	Balance as at 01.04.2020	Additions	Deletion / Adjustments	Balance as at 31.03.2021	Balance as at 01.04.2020	For the year	Deletion / Adjustments	Balance as at 31.03.2021
<b>Property, Plant and Equipment *</b>								
Land - Leasehold	7,159.10	-	-	7,159.10	402.90	96.08	-	498.98
Buildings	13,503.39	-	-	13,503.39	2,110.34	548.09	-	2,658.43
Plant and Machinery	32,838.59	58.85	-	32,897.44	5,916.20	1,553.64	-	7,469.84
Computers	42.77	2.38	-	45.15	29.86	9.93	-	39.79
Furniture, Fixture and Office Equipments	110.33	0.10	-	110.43	48.64	10.36	-	59.00
Office Equipment	77.37	3.65	-	81.02	57.17	12.78	-	69.95
Motor Vehicles	241.90	-	-	241.90	136.50	33.72	-	170.22
<b>Total - Property, Plant and Equipment (A)</b>	<b>53,973.45</b>	<b>64.98</b>	<b>-</b>	<b>54,038.43</b>	<b>8,701.61</b>	<b>2,264.60</b>	<b>-</b>	<b>10,966.21</b>
<b>Right of Use Assets</b>								
Right of Use Assets	115.01	-	15.27	99.74	38.47	34.34	15.27	57.54
<b>Total - Right of Use Assets (B)</b>	<b>115.01</b>	<b>-</b>	<b>15.27</b>	<b>99.74</b>	<b>38.47</b>	<b>34.34</b>	<b>15.27</b>	<b>57.54</b>
Intangible Assets								
Computer Software	275.50	10.57	-	286.07	136.57	28.95	-	165.52
<b>Total - Intangible Assets (C)</b>	<b>275.50</b>	<b>10.57</b>	<b>-</b>	<b>286.07</b>	<b>136.57</b>	<b>28.95</b>	<b>-</b>	<b>165.52</b>
<b>Grand Total (A+B+C)</b>	<b>54,363.96</b>	<b>75.55</b>	<b>15.27</b>	<b>54,424.24</b>	<b>8,876.65</b>	<b>2,327.89</b>	<b>15.27</b>	<b>11,189.27</b>

\* Charged against borrowings of the Company (Refer Note no. 15 and 20)

# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

	31.03.2022 ₹ in lakhs	31.03.2021 ₹ in lakhs
<b>Note 3 : Investments in Joint Venture</b>		
Investments in Equity Instruments (Unquoted - at Cost)		
Morarjee Castiglioni (India) Private Limited	49.30	51.69
10,00,000 (Previous year 10,00,000) Equity Shares of ₹10 each fully paid-up	<u>49.30</u>	<u>51.69</u>
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	49.30	51.69
Aggregate amount of impairment in value of investments	-	-
<b>Note 4 : Non-current Financial Assets</b>		
a) Investments		
i) Investments in Equity Instruments		
(Unquoted - At fair value through Other Comprehensive Income)		
Saraswat Bank	0.25	0.25
2,500 (Previous year 2,500) Equity Shares of ₹10 each fully paid-up		
ii) Investment in Government Securities	0.64	0.64
(Unquoted - at Amortised Cost)	<u>0.89</u>	<u>0.89</u>
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	0.89	0.89
Aggregate amount of impairment in value of investments	-	-
b) Other Financial Assets		
Security deposits	47.35	36.63
Balances with bank in fixed deposits (includes margin money with bank) having maturity more than 12 months	8.21	-
	<u>55.56</u>	<u>36.63</u>
<b>Note 5 : Non-current Tax Assets</b>		
Advance Income tax	77.56	60.17
	<u>77.56</u>	<u>60.17</u>
<b>Note 6 : Other Non-current Assets</b>		
Deposits with Government Authorities	51.00	51.00
	<u>51.00</u>	<u>51.00</u>
<b>Note 7 : Inventories</b>		
Raw materials	295.89	183.16
Work-in-progress	4,081.08	2,679.17
Finished goods	1,915.87	3,322.10
[Includes Stock-in-transit of ₹ 565.95 Lakhs (Previous Year ₹ 1,491.56 Lakhs)]		
Consumable, stores, spares, etc.	351.18	213.68
	<u>6,644.02</u>	<u>6,398.11</u>
Total Inventory includes, an amounting to ₹ 1295.32 Lakhs (Previous Year ₹ 2,040.10 Lakhs) as of 31st March, 2022 which is valued at net realisable value based on its accounting policy for valuation at lower of cost and net realisable value and impact of the same are included in "Changes in Inventories of Finished Goods and Work-in-Progress" in Statement of Profit and Loss.		
<b>Note 8 : Trade Receivables (Unsecured, unless stated otherwise)</b>		
Considered good (Secured)	225.71	1,137.22
Considered good (Unsecured)	1,678.90	2,269.73
Trade Receivables (Credit Impaired)*	1,006.51	809.70
Provision for doubtful debts*	(817.00)	(672.00)
	<u>2,094.12</u>	<u>3,544.65</u>
Trade Receivables from related parties of ₹ 50.29 Lakhs (Previous Year ₹ 27.54 Lakhs) as on 31st March, 2022 (Refer Note No. 51) *Refer Note No. 43		
<b>Note 9 : Cash and Cash Equivalents</b>		
Cash on hand	1.05	2.34
Balances with bank in fixed deposits (includes margin money with bank)	8.13	-
Balances with banks in current accounts	1,664.93	486.55
	<u>1,674.11</u>	<u>488.89</u>
<b>Note 10 : Bank Balances other than Cash and Cash Equivalents</b>		
Balances in dividend accounts	11.96	18.77
Balances with bank in fixed deposits (includes margin money with bank)	147.12	148.91
	<u>159.08</u>	<u>167.68</u>

	31.03.2022 ₹ in lakhs	31.03.2021 ₹ in lakhs
<b>Note 11 :Current Loans (Unsecured, considered good)</b>		
Earnest money deposit	1.20	1.60
Other recoverables	6.90	20.56
	<u>8.10</u>	<u>22.16</u>
<b>Note 12 : Other Current Assets</b>		
Government grants receivable:		
- Capital subsidy	543.33	1,067.55
- Interest subsidy	1,482.72	2,340.70
Balances with Government Authorities *	4,854.12	4,292.99
Others	986.25	863.40
	<u>7,866.42</u>	<u>8,564.64</u>
<p>* Balances with Government Authorities includes an amount of ₹ 4,362 Lakhs (Previous Year ₹3,577 Lakhs) as on March 31, 2022 towards GST input tax credit on account of higher GST on input (specifically on input services) as compared to output. Though Input GST credits are allowed to be carried indefinitely, the utilisation thereof is generally dependent on various factors including volume and value of output in future, rates of tax on output and changes in government policies.</p> <p>In the opinion of the management, in view of the continuing business of the Company, no provision is considered necessary in this regard</p>		
<b>Note 13 : Equity Share Capital</b>		
<b>Authorised:</b>		
3,65,00,000 (Previous year 3,65,00,000) Equity Shares of ₹ 7/- each	2,555.00	2,555.00
	<u>2,555.00</u>	<u>2,555.00</u>
<b>Issued, Subscribed and Paid- up:</b>		
3,63,32,349 (Previous year 3,63,32,349) Equity Shares of Rs. 7/- each fully paid-up	2,543.26	2,543.26
	<u>2,543.26</u>	<u>2,543.26</u>
<b>A) The reconciliation of the number and value of equity shares</b>		
	<b>No. of Shares</b>	<b>₹ in lakhs</b>
Balance as at 31st March, 2021	3,63,32,349	2,543.26
Movement during the year	-	-
Balance as at 31st March, 2022	<u>3,63,32,349</u>	<u>2,543.26</u>
<b>B) Shareholders holding more than 5% of equity shares of the Company</b>		
Ashok Piramal Group Textile Trust through its trustee, Ms. Urvi A. Piramal		
Number of Shares	2,15,90,112	2,15,90,112
% of holding	59.42	59.42
<b>C) Terms / rights attached to Equity Shares</b>		
Each equity share of Company has a par value of ₹ 7/- (Previous Year ₹ 7/-). Each holder of equity share is entitled to one vote per share. All shares rank pari passu with regard to dividend and repayment of capital. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.		
<b>D) Details of the Promoters / Promoters group as at 31st March, 2022 *</b>		
	<b>As at 31.03.2022</b>	
	<b>No of Ordinary Shares</b>	<b>%</b>
Ms. Urvi A. Piramal	(49,566)	0.14
	(49,566)	(0.14)
Mr. Harsh A.Piramal	16,522	0.05
	(16,522)	(0.05)
Mr. Rajiv A.Piramal	16,522	0.05
	(16,522)	(0.05)
Mr. Nandan A. Piramal	16,522	0.05
	(16,522)	(0.05)
Ms. Kalpana Singhanian	5,419	0.01
	(5,419)	(0.01)
Ashok Piramal Group Textiles Trust through its trustee, Ms. Urvi A.Piramal	2,15,90,112	59.42
	(2,15,90,112)	(59.42)
Total	2,16,94,663	59.72
	(2,16,94,663)	(59.72)

Note :

Figures in bracket are for previous year as at 31st March,2021.

\*There is no change in the shareholding during the year ended 31st March, 2022 and previous year ended 31st March,2021.



# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

	31.03.2022 ₹ in lakhs	31.03.2021 ₹ in lakhs
<b>Note 14 : Other Equity</b>		
<b>a) General Reserve</b>		
Opening balance	5,627.91	5,627.91
Movement during the year	-	-
Closing balance (a)	5,627.91	5,627.91
<b>b) Retained Earnings</b>		
Opening balance	(8,677.63)	(2,483.08)
(Loss) for the year	(8,813.96)	(6,166.27)
Other Comprehensive Income for the year	(12.22)	(28.28)
(Remeasurement of defined benefit obligation - Net of tax)		
Closing balance (b)	(17,503.81)	(8,677.63)
Total (a+ b)	(11,875.90)	(3,049.72)

## Nature and Purpose of Reserve:

### a) General Reserve

General Reserve has been created on account of the Schemes of Amalgamation, Demerger and Capital Restructuring carried out in the past and transfer of net profit before declaring dividend, pursuant to the earlier provisions of the Companies Act, 1956. Such transfer of net profit to general reserve is not required under the Companies Act, 2013.

### b) Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

## Note 15 : Non-current Financial Liabilities - Borrowings

Particulars	(₹ in lakhs)			
	Non-current		Current	
	31.03.2022 ₹ in lakhs	As at 31.03.2021	31.03.2022 ₹ in lakhs	As at 31.03.2021
<b>Secured</b>				
Term loan from Banks (Refer sub-note no. A)	8,080.33	10,523.75	7,841.82	5,439.39
Term loan from Others (Refer sub-note no. B)	-	2,457.21	2,857.21	427.97
	8,080.33	12,980.96	10,699.03	5,867.36
<b>Unsecured</b>				
Term loan from Others (Refer sub-note no. C)	7,498.70	8,398.67	1,499.74	-
	7,498.70	8,398.67	1,499.74	-
Preference Share Capital (Refer sub-note no. D)	-	1,500.00	2,500.00	1,000.00
	-	1,500.00	2,500.00	1,000.00
	15,579.03	22,879.63	14,698.77	6,867.36

## Sub-notes to Note no. 15 : Non-current Financial Liabilities - Borrowings

		(₹ in lakhs)	
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
<b>A.</b>	<b>Term Loan from Banks (Secured)</b>		
a)	Term Loan 1	12,956.91	12,995.24
	<b>Nature of Security:</b>		
	1st pari passu charge on all Property, Plant and Equipment of the Company, both present and future and 2nd pari passu charge on all current assets of the Company, both present and future.		
	<b>Terms of Repayment as per schedule:</b>		
	Repayable in 14 quarterly instalments as at 31st March, 2022		
	Repayable in 18 quarterly instalments as at 31st March, 2021		
	The Company defaulted on repayment of loan Instalment aggregating ₹ 2,425.27 lakhs (₹904.75 lakhs Previous Year)		
	[The company has availed moratorium for Instalment for the period April 2020 to August, 2020.]		

		(₹ in lakhs)	
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
b)	Term Loan 2 Funded Interest Term Loan 1st pari passu charge on all Property, Plant and Equipment of the Company, both present and future and 2nd pari passu charge on all current assets of the Company, both present and future. Terms of Repayment as per schedule: The Company defaulted on repayment of Funded Interest Term Loan aggregating ₹ 1011.53 lakhs (₹ 1011.53 lakhs Previous Year) [The company has availed moratorium for Interest for the period April 2020 to August, 2020.]	1,011.53	1,011.53
c)	Term Loan 3 <b>Nature of Security:</b> 2nd pari passu charge on all Property, Plant and Equipment and current assets of the Company, both present and future. <b>Terms of Repayment as per schedule:</b> Repayable in: - 8 Monthly instalments as at 31st March, 2022 - 12 Monthly instalments as at 31st March, 2021 The Company defaulted on repayment of loan Instalment aggregating ₹1953.71 lakhs (₹972.93 lakhs Previous Year) Current Maturities of above loans Subtotal [Term Loan from Banks (Secured)]	1,953.71         <u>(7,841.82)</u> <u>8,080.33</u>	1,956.37         <u>(5,439.39)</u> <u>10,523.75</u>
<b>B.</b>	<b>Term Loan from Others (Secured)</b>		
	<b>Term Loan 1</b> <b>Nature of Security:</b> 1st pari passu charge on all Property, Plant and Equipment of the Company, both present and future and 2nd pari passu charge on all current assets of the Company, both present and future. <b>Terms of Repayment as per schedule:</b> Repayable in 14 quarterly instalments as at 31st March, 2022 Repayable in 18 quarterly instalments as at 31st March, 2021 The Company defaulted on repayment of loan Instalment aggregating ₹2714.25 lacs (₹120 lakhs Previous Year)	2,714.25	2,742.22
	<b>Term Loan 2</b> Funded Interest Term Loan 1st pari passu charge on all Property, Plant and Equipment of the Company, both present and future and 2nd pari passu charge on all current assets of the Company, both present and future. <b>Terms of Repayment as per schedule:</b> Repayable in 6 monthly instalments as at 31st March, 2022 effective from May 2025 The company has availed moratorium for Installment/Interest for the period April 2020 to August, 2020. Current Maturities of above loan Subtotal [Term Loan from Others (Secured)]	142.96         <u>(2,857.21)</u> <u>-</u>	142.96         <u>(427.97)</u> <u>2,457.21</u>
<b>C.</b>	<b>Term Loan from Others (Unsecured)</b>		
	Term Loan <b>Terms of Repayment as per schedule:</b> Repayable in: - 24 Quarterly instalments as at 31st March, 2022 effective from 30th June, 2022-₹8,998.44 lakhs - 24 Quarterly instalments as at 31st March, 2021 effective from 30th June, 2022-₹8,398.67 lakhs Current Maturities of above loan Subtotal [Term Loan from Others (Unsecured)]	8,998.44         <u>(1,499.74)</u> <u>7,498.70</u>	8,398.67         <u>-</u> <u>8,398.67</u>
<b>D.</b>	<b>Details of Preference Shares</b>		
	<b>Authorised :</b> 35,00,000 (Previous year 35,00,000) Redeemable Cumulative Non-convertible Preference Shares of ₹ 100/- each	3,500.00 <u>3,500.00</u>	3,500.00 <u>3,500.00</u>

# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

		(₹ in lakhs)	
Sr. No.	Particulars	As at 31.03.2022	As at 31.03.2021
	Issued, Subscribed and Paid- up:		
	10,00,000 (Previous year 10,00,000) 5% Redeemable Cumulative Non-convertible Preference Shares of ₹100/- each	1,000.00	1,000.00
	15,00,000 (Previous year 15,00,000) 9% Redeemable Cumulative Non-convertible Preference Shares of ₹100/- each	1,500.00	1,500.00
	Current Maturities of above loan	(2,500.00)	(1,000.00)
		-	1,500.00
i)	The reconciliation of the number and value of preference shares	<b>No. of Shares</b>	<b>₹. in lakhs</b>
a)	5% Preference Shares		
	Balance as at 31st March, 2021	10,00,000	1,000.00
	Movement during the year	-	-
	Balance as at 31st March, 2022	10,00,000	1,000.00
b)	9% Preference Shares		
	Balance as at 31st March, 2021	15,00,000	1,500.00
	Movement during the year	-	-
	Balance as at 31st March, 2022	15,00,000	1,500.00
ii)	Shareholders holding more than 5% of Preference Shares of the Company		
a)	Ashok Piramal Group Textiles Trust through its trustee, Ms. Urvi A. Piramal		
	Number of Shares	10,00,000	23,95,000
	% of holding	40.00	95.80
b)	Miranda Tools Private Limited		
	Number of Shares	13,95,000	-
	% of holding	55.80	-
iii)	Terms / rights attached to Preference Shares		

5% Redeemable Cumulative Non-convertible Preference Shares of ₹100/- each, were redeemable anytime between 15th November, 2014 and 15th November, 2019 at the option of the Company. However, the Company could not redeemed these preference shares. The Company has approached NCLT under Section 55 of the Companies Act, 2013, for re-issuance of the said preference shares for a further period of 20 years.

The approval from preference share holders have already been taken, however, approval from NCLT is awaited. 9% Redeemable Cumulative Non-convertible Preference Shares of ₹100/- each, are redeemable anytime between 4th June, 2017 and 3rd December, 2020 after period of 18 months from the date of its renewal i.e. 3rd December, 2015, at the option of the Trust. However, based on the confirmation received from the trust, the trust will not exercise their redemption rights before maturity date i.e 3rd December, 2020. As per Section 55 of the Companies Act, 2013 the Company has an option to further extend the date of redemption of the said Preference Shares (maximum tenure of 20 years). Accordingly Board has decided to extend the redemption for a further period of 2 (Two) years from December 3, 2020 to December 3, 2022. The holders of Preference Shares shall not have any right to vote in any manner before the Company at any meeting, except on resolutions placed before the Company at any meeting, which directly affects their rights.

The effective interest rate on the above borrowings (excluding preference shares) is in the range from 10.45 % to 13.50 % per annum.

		(₹ in lakhs)	
Particulars	As at 31.03.2022	As at 31.03.2021	
<b>Note 16 : Lease Liabilities</b>			
Lease Liability	-	16.23	
	-	16.23	
<b>Note 17 : Non-current Provisions</b>			
Employees benefits (Refer Note no. 34)	419.46	655.15	
	419.46	655.15	
<b>Note 18 : Deferred Tax Liability/(Assets) (Net)</b>			
Tax due to difference between written down value of fixed assets as per books of accounts and Income Tax Act, 1961	6,139.92	6,139.92	
Deferred tax assets (Including MAT Credit)	(9,181.34)	(9,181.34)	
	(3,041.42)	(3,041.42)	
Refer Note no. 35 for components of and movement in deferred tax.			

Particulars	(₹ in lakhs)	
	As at 31.03.2022	As at 31.03.2021
<b>Note 19 : Other Non-current Liabilities</b>		
Deferred income (Government grant)	1,597.58	1,688.28
	<u>1,597.58</u>	<u>1,688.28</u>
<b>Note 20 : Current Financial Liabilities - Borrowings</b>		
(Repayable on demand)		
<b>Secured</b>		
Cash credit / packing credit from banks*	20,953.66	20,592.54
<b>Unsecured</b>		
Body Corporate	350.00	350.00
Short-term working capital loan from bank**	939.95	949.94
Current Maturities of Long Term Loan (including recalled term loan)	14,698.78	6,867.36
	<u>36,942.39</u>	<u>28,759.84</u>
*Secured by way of hypothecation of / 1st pari passu charge on Current Assets of the Company viz. raw materials, stock-in-process, finished goods, consumables, store and spares, book debts, both present and future and secured by 2nd pari passu charge on the Company's tangible fixed assets, both present and future.		
**The Company has defaulted on repayment of Instalments aggregating ₹939.95 Lakhs during the year. (₹949.94 Lakhs in Previous year)		
The effective interest rate on the above loans is in the range from 11.75 % to 14.55% per annum.		
<b>Note 21 : Lease Liabilities</b>		
Lease Liability	19.93	33.26
	<u>19.93</u>	<u>33.26</u>
<b>Note 22 : Trade Payables</b>		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note no.39)	1,118.84	1,460.49
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	6,560.30	6,911.45
	<u>7,679.14</u>	<u>8,371.94</u>
Trade Payable includes dues to related parties of ₹ 361.29 Lakhs (Previous Year ₹ 435.68 Lakhs) as on 31st March, 2022 (Refer Note no. 50)		
<b>Note 23 : Other Current Financial Liabilities</b>		
Trade deposits	61.37	66.35
Interest accrued on borrowings*	9,025.39	3,230.10
Unclaimed dividend	11.96	18.77
	<u>9,098.72</u>	<u>3,315.22</u>
Interest accrued on borrowings includes interest default of ₹ 2,622.90 Lakhs (previous year ₹ 845.10 lakhs) for Axis Bank, ₹525.47 lakhs (Previous year ₹168.90 lakhs) for Tata aCapital Financial Services Limited ₹742.84 lakhs (previous year ₹ 290.85 Lakhs) for Kotak Mahindra Bank Ltd. and ₹ 382.86 Lakhs (Previous year ₹171.61 Lakhs) for Federa Bank Limited.		
<b>Note 24 : Other Current Liabilities</b>		
Advances from customers	209.24	209.00
Deferred income (Government grant)	90.69	90.69
Statutory liabilities	193.09	92.25
Others	19.57	26.44
	<u>512.59</u>	<u>418.38</u>
<b>Note 25 : Current Provisions</b>		
Employees benefits (Refer Note no. 34)	181.47	31.43
	<u>181.47</u>	<u>31.43</u>

# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

Particulars	(Rs. in lakhs)	
	Year ended 31.03.2022	Year ended 31.03.2021
<b>Note 26 : Revenue from Operations</b>		
Revenue from sale of products	26,317.85	18,755.44
Other operating income	915.34	633.21
	<u>27,233.19</u>	<u>19,388.65</u>
<b>Note 27 : Other Income</b>		
Amortisation of Government grant	90.69	90.69
Interest income	26.64	25.30
Rent	0.20	0.12
Dividend Received	0.05	-
	<u>117.58</u>	<u>116.11</u>
<b>Note 28 : Cost of Materials Consumed</b>		
Opening stock (Raw materials)	183.16	446.66
Purchases	11,695.44	5,484.39
Closing stock (Raw materials)	295.89	183.16
	<u>11,582.71</u>	<u>5,747.89</u>
<b>Note 29 : Changes in Inventories of Work-in-Progress and Finished Goods</b>		
<b>Opening Stock</b>		
Work-in-progress	2,679.17	4,591.51
Finished goods	3,322.10	3,077.06
	<u>6,001.27</u>	<u>7,668.57</u>
<b>Closing Stock</b>		
Work-in-progress	4,081.08	2,679.17
Finished goods	1,915.87	3,322.10
	<u>5,996.95</u>	<u>6,001.27</u>
Changes in Inventories	<u>4.32</u>	<u>1,667.30</u>
<b>Note 30 : Manufacturing Expenses</b>		
Power and fuel	4,033.36	2,770.73
Processing charges	2,860.91	1,928.32
Dyes and chemicals	2,028.92	1,498.35
Packing expenses	301.39	206.84
Stores and spares	815.33	415.78
Other consumables	101.13	58.28
Repairs and maintenance	171.20	108.95
Lease rent - Machinery	-	61.20
Rates, taxes and water charges	293.23	236.98
	<u>10,605.47</u>	<u>7,285.43</u>
<b>Note 31 : Employee Benefits Expense</b>		
Salaries and wages	2,576.29	2,198.91
Contribution to Provident and other funds (Refer Note no. 34)	193.50	167.58
Staff welfare expenses	50.79	30.27
	<u>2,820.58</u>	<u>2,396.76</u>
<b>Note 32 : Administrative, Selling and Other Expenses</b>		
Freight outward	242.26	156.10
Legal and professional expenses	282.77	278.65
Rent expenses	32.79	146.71
Travelling expenses	28.53	24.95
Commission	123.38	58.54
Remuneration to Auditors (Refer Note no. 38)	23.19	23.10
Provision for doubtful debts	145.00	150.00
Loss on foreign exchange fluctuation	12.54	380.62
Directors' sitting fees	21.40	18.25
Miscellaneous expenses	702.61	786.64
	<u>1,614.47</u>	<u>2,023.56</u>
<b>Note 33 : Finance Costs</b>		
Interest expenses	6,892.03	5,045.02
Dividend on redeemable preference shares	185.00	185.00
Other borrowing costs	169.29	224.70
	<u>7,246.32</u>	<u>5,454.72</u>

Particulars	(Rs. in lakhs)	
	Year ended 31.03.2022	Year ended 31.03.2021
<b>34 Employee Benefits</b>		
<b>(A) Defined Contribution Plan</b>		
Employer's contribution to Provident Fund	163.33	143.39
Employer's contribution to Superannuation Fund	3.05	4.21
Employer's contribution to ESIC	27.12	19.98
<b>Total</b>	<b>193.50</b>	<b>167.58</b>

**(B) Defined Benefit Plan (Gratuity) and Other Long-term Employee Benefits (Leave Encashment)**

The Company provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employees last drawn basic salary per month computed proportionately for 15 days basic salary multiplied by the number of years of service. The gratuity plan is not funded and payout is done by Company on resignation / retirement of employees.

Disclosure as per Valuation Reports of Independent Actuary

Particulars	(₹ in lakhs)			
	Gratuity		Leave Encashment	
	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
Defined benefit obligation at the beginning of the year	550.86	503.22	135.72	139.39
Current service cost	45.85	47.99	24.89	25.92
Interest cost	36.87	33.41	9.07	9.21
Actuarial loss / (gain) due to change in financial assumptions	(15.58)	-	(2.78)	-
Actuarial loss / (gain) due to experience adjustments	27.80	39.18	(3.72)	3.41
Benefits paid	(22.56)	(72.94)	(33.15)	(42.21)
<b>Defined benefit obligation at the end of the year</b>	<b>623.24</b>	<b>550.86</b>	<b>130.03</b>	<b>135.72</b>

**b) Expense Recognised in the Statement of Profit and Loss**

(₹ in lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
Current service cost	45.85	47.99	24.89	25.92
Interest Cost on Defined Benefit Obligation	36.87	33.41	9.07	9.21
Actuarial loss / (gain) due to change in financial assumptions	-	-	(2.78)	-
Actuarial loss / (gain) due to experience adjustments	-	-	(3.72)	3.41
Amount recognised in profit or loss	<b>82.72</b>	<b>81.40</b>	<b>27.46</b>	<b>38.54</b>
Actuarial loss / (gain) due to change in financial assumptions	(15.58)	-	-	-
Actuarial loss / (gain) due to experience adjustments	27.80	39.18	-	-
Amount recognised in Other Comprehensive Income	<b>12.22</b>	<b>39.18</b>	<b>-</b>	<b>-</b>
Total amount recognised in the Statement of Profit and Loss	<b>94.94</b>	<b>120.58</b>	<b>27.46</b>	<b>38.54</b>



# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

## c) Amount Recognised in the Balance Sheet

Particulars	Gratuity		Leave Encashment	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Present value of obligation*	623.24	550.86	130.03	135.72
Fair value of plan assets	-	-	-	-
Amount recognised in the Balance Sheet	623.24	550.86	130.03	135.72

(Rs. in lakhs)

Particulars	Gratuity		Leave Encashment	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Current	135.49	25.27	45.99	6.16
Non Current	487.75	525.59	84.03	129.56
Total*	623.24	550.86	130.02	135.72

\*includes gratuity payable and leave encashment payable to resigned employees during the year of ₹ 110.56 Lakhs and ₹ 41.77 Lakhs as at 31st March, 2022.

## d) Assumptions

The principal actuarial assumptions used for estimating the Company's defined benefit obligations and other long term employee benefits are set out below:

Particulars	Gratuity		Leave Encashment	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Withdrawal rate	3% p.a. at younger ages reducing to 1% at older ages	3% p.a. at younger ages reducing to 1% at older ages	3% p.a. at younger ages reducing to 1% at older ages	3% p.a. at younger ages reducing to 1% at older ages
Normal retirement age	60 years	60 years	60 years	60 years
Discount rate	7.15% p.a.	6.85% p.a.	7.15% p.a.	6.85% p.a.
Salary escalation rate	0.00% p.a for next 1 year & 3.50% p.a thereafter	0.00% p.a for next 2 years & 3.50% p.a thereafter	0.00% p.a for next 1 year & 3.50% p.a thereafter	0.00% p.a for next 2 years & 3.50% p.a thereafter

## e) Sensitivity Analysis

The sensitivity of the defined benefit obligation to change in the weighted key assumptions is:

(₹ in lakhs)

Particulars	Gratuity		Leave Encashment	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Salary escalation rate + 0.5%	650.39	579.89	134.87	142.48
Salary escalation rate - 0.5%	597.73	523.62	125.50	129.38
Withdrawal rate + 10%	625.69	553.36	130.56	136.39
Withdrawal rate - 10%	620.76	547.91	129.48	135.03
Discount rate + 0.5%	598.65	524.64	125.67	129.64
Discount rate - 0.5%	649.59	579.01	134.72	142.26

A description of methods used for sensitivity analysis and its limitations:

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

**f) Expected Cashflows based on Past Service Liability**

(₹ in lakhs)

Particulars	Gratuity		Leave Encashment	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Year 1	24.91	25.27	4.22	6.16
Year 2	25.43	25.20	4.58	6.42
Year 3	28.30	26.75	7.07	9.59
Year 4	21.13	28.07	4.11	9.20
Year 5	37.94	24.36	7.55	8.29
Year 6 to Year 10	181.07	245.78	30.25	74.44

**g) Best Estimate of Contribution**

(₹ in lakhs)

Particulars	Gratuity		Leave Encashment	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Best Estimate of Contribution for the Company during the next year	24.91	25.27	4.22	6.16

h) Average outstanding term of obligations as at valuation date is 10.91 years (Previous Year 10.79 years).

Note : Above disclosures with respect to employee benefits have been made to the extent of availability of data, as per actuarial valuation report.

**35 Tax Expense**
**A) Amounts Recognised in statement of Profit or Loss**

Particulars	Year ended 31.03.2022 ₹ in lakhs	Year ended 31.03.2021 ₹ in lakhs
Current Tax (Minimum Alternate Tax)	-	-
Deferred Tax (Net of MAT Credit Entitlement)	-	(1,236.26)
<b>Total tax expense as per the Statement of Profit and Loss</b>	<b>-</b>	<b>(1,236.26)</b>

**B) Reconciliation of Effective Tax Rate**

Particulars	Year ended 31.03.2022 ₹ in lakhs	Year ended 31.03.2021 ₹ in lakhs
(Loss) before tax	(8,811.57)	(7,398.79)
Enacted income tax rate in India applicable to the Company	27.82%	27.82%
Tax using the Company's domestic tax rate	(2,451.38)	(2,058.34)
Tax effect of:		
Permanent disallowances	16.54	44.51
Effect due to tax rate difference	-	158.81
Others / Unabsorbed depreciation and business loss	2,434.84	618.76
<b>Tax expense as per the Statement of Profit and Loss</b>	<b>-</b>	<b>(1,236.26)</b>
<b>Effective tax rate</b>	<b>-</b>	<b>16.709%</b>

**C) Movement in Deferred Tax Liability / (Assets) Year ended 31st March, 2022**

(₹ in lakhs)

Particulars	As at 31.03.2021	Recognised in Profit or Loss	Recognised in OCI	As at 31.03.2022
<b>Components of deferred tax liabilities related to:</b>				
Property, plant and equipment	6,139.92	-	-	6,139.92
<b>Subtotal (Deferred Tax Liability)</b>	<b>6,139.92</b>	<b>-</b>	<b>-</b>	<b>6,139.92</b>
<b>Components of deferred tax assets related to:</b>				
Unamortised Government grant & Lease liability	508.68	-	-	508.68
Provision for doubtful debts and employment benefits	377.95	-	-	377.95
Unabsorbed depreciation / business losses carried forward under Income Tax Act, 1961	5,253.29	-	-	5,253.29
Mat Credit Entitlement	3,041.42	-	-	3,041.42
<b>Subtotal (Deferred Tax Assets)</b>	<b>9,181.34</b>	<b>-</b>	<b>-</b>	<b>9,181.34</b>
<b>Deferred Tax Liability/(Assets) (Net)</b>	<b>(3,041.42)</b>	<b>-</b>	<b>-</b>	<b>(3,041.42)</b>

# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

Year ended 31st March, 2021				(₹ in lakhs)
Particulars	As at 01.04.2020	Recognised in Profit or Loss	Recognised in OCI	As at 31.03.2021
<b>Components of deferred tax liabilities related to:</b>				
Property, plant and equipment	7,371.28	(1,231.36)	-	6,139.92
<b>Subtotal (Deferred Tax Liability)</b>	<b>7,371.28</b>	<b>(1,231.36)</b>	<b>-</b>	<b>6,139.92</b>
<b>Components of deferred tax assets related to:</b>				
Unamortised Government grant & Lease liability	651.60	(142.92)	-	508.68
Provision for doubtful debts and employment benefits	388.79	(21.74)	10.90	377.95
Unabsorbed depreciation / business losses carried forward under Income Tax Act, 1961	5,083.73	169.56	-	5,253.29
Mat Credit Entitlement	3,041.42	-	-	3,041.42
<b>Subtotal (Deferred Tax Assets)</b>	<b>9,165.54</b>	<b>4.90</b>	<b>10.90</b>	<b>9,181.34</b>
<b>Deferred Tax Liability/(Assets) (Net)</b>	<b>(1,794.26)</b>	<b>(1,236.26)</b>	<b>(10.90)</b>	<b>(3,041.42)</b>

- 35 (i) MAT Credit Entitlement of Rs. 3,041 lakhs (Previous Year Rs. 3,041 Lakhs) is based on future performance and expectation of full utilization of MAT Credit within time frame available as projected by the Management of the Company and based on the outcome of debt restructuring plan submitted to the lenders.
- 35 (ii) The Company having opted to continue with old tax regime in view of unabsorbed losses and depreciation and MAT assets benefits and would evaluate in future. Hence, deferred tax assets (including MAT assets) are continuing in financial statements considering old tax regime and management judgment on recoverability based on future projections.

## 36 Reconciliation of Liabilities arising from Financing Activities

Year ended 31st March, 2022							(₹ in lakhs)
Particulars	As at 31.03.2021	Cash Movement	Business Acquisition/ Disposals	Foreign Exchange Changes	Fair Value Changes	Others	As at 31.03.2022
Term loans	27,246.99	(178.96)	-	-	-	709.78	27,777.81
Redeemable preference shares	2,500.00	-	-	-	-	-	2,500.00
Short-term borrowings	21,892.48	351.13	-	-	-	-	22,243.61
<b>Total</b>	<b>51,639.47</b>	<b>172.17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>709.78</b>	<b>52,521.42</b>
Year ended 31st March, 2021							(₹ in lakhs)
Particulars	As at 31.03.2020	Cash Movement	Business Acquisition/ Disposals	Foreign Exchange Changes	Fair Value Changes	Others	As at 31.03.2021
Term loans	26,048.81	(100.72)	-	-	-	1,298.90	27,246.99
Redeemable preference shares	2,500.00	-	-	-	-	-	2,500.00
Short-term borrowings	9,454.91	12,437.57	-	-	-	-	21,892.48
<b>Total</b>	<b>38,003.72</b>	<b>12,336.85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,298.90</b>	<b>51,639.47</b>

These cash movements are included within the following lines in the Statement of Cash Flows:

- Proceeds from Long-term Borrowings
- Repayment of Long-term Borrowings
- Increase/ (Decrease) in Short-term Borrowings

### 37 Contingent Liability and Commitments

(₹ in lakhs)		
Particulars	As at 31.03.2022	As at 31.03.2021
<b>A) Contingent Liability</b>		
(i) Claims against the Company not acknowledged as debts in respect of:		
Disputed Excise demands	1,272.75	1,295.09
Disputed Sales Tax demands	2.95	2.95
(ii) Bank guarantees	429.95	440.74
(iii) Other Matters	1,344.40	1,344.40
(iv) The Company had obtained EPCG licenses during FY16 and FY17 from DGFT, Ministry of Commerce and Industry under the Export Promotion Capital Goods Scheme and the company saved Customs duty aggregating to Rs. 28.41 Cr against the said licenses.		
With the adverse export market scenario followed by onset of Covid-19 Pandemic, the Company could not complete the export obligations under the aforesaid licenses. The company has applied / is in the process of applying for Extension of export obligation period.		
In case even after expiry of extension of period, if there is still any shortfall in meeting export obligations, duty saved may be required to be paid along with interest.		
<b>B) Commitments</b>		
(i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for	-	-

### 38 Remuneration to Auditors\*

(₹ in lakhs)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Audit Fees (including Consolidation and Limited Review Fees)	18.50	18.50
Tax Audit Fees	3.00	3.00
Certification Fees	1.00	1.00
Out of Pocket Expenses	0.69	0.60
<b>Total</b>	<b>23.19</b>	<b>23.10</b>

\* Excludes Goods and Services Tax

### 39 A) Disclosure under Micro, Small and Medium Enterprises Act, 2006

There are Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2022. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in lakhs)		
Particulars	As on 31.03.2022	As on 31.03.2021
(a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1,044.70	1,351.49
(b) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	74.14	109.00
(c) The amount of interest paid u/s 16 of this Act, along with the amounts of payments made to the supplier beyond the appointed day during each accounting year	-	-
(d) The amount of interest due and payable for the period of delay in making payment which have been paid but, beyond the appointed day during the year	-	-
(e) The amount accrued and remaining unpaid at the end of each accounting period; i.e., principal is paid but interest has remained unpaid	-	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprise, this is required for the purpose of disallowance as a deductible expenditure	-	-

# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

## 39 B) Trade Payables

### Trade payables ageing schedule for the year ended as on 31st March, 2022 and 31st March, 2021:

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	897.20	205.37	11.22	5.05	1,118.84
	(-)	(987.09)	(382.74)	(78.56)	(12.10)	(1,460.49)
(ii) Others	2,325.35	2,858.22	353.79	605.80	417.15	6,560.30
	(1,581.51)	(3,218.04)	(1,616.84)	(332.81)	(162.25)	(6,911.45)
(iii) Disputed Dues – MSME	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
(iv) Disputed Dues - Others	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)

Previous year amounts are in bracket.

## 40 Leases

### 1 Following are the changes in carrying value of the Right of Use Assets.

(₹ in lakhs)

Particulars	As at 31.03.2022			As at 31.03.2021		
	Motor Vehicle	Computer Software/ Computer	Total	Motor Vehicle	Computer Software/ Computer	Total
<b>Gross Carrying Amount</b>						
Opening Gross Carrying Amount	7.10	92.64	99.74	15.64	99.37	115.01
Additions	-	-	-	-	-	-
Disposals and Transfers	-	-	-	(8.54)	(6.73)	(15.27)
<b>Sub Total</b>	<b>7.10</b>	<b>92.64</b>	<b>99.74</b>	<b>7.10</b>	<b>92.64</b>	<b>99.74</b>
<b>Accumulated Depreciation</b>						
Opening Accumulated Depreciation	4.74	52.80	57.54	8.40	30.07	38.47
Additions	2.36	26.41	28.77	4.88	29.46	34.34
Disposals and Transfers	-	-	-	(8.54)	(6.73)	(15.27)
<b>Sub Total</b>	<b>7.10</b>	<b>79.21</b>	<b>86.31</b>	<b>4.74</b>	<b>52.80</b>	<b>57.54</b>
<b>Net Total</b>	<b>-</b>	<b>13.43</b>	<b>13.43</b>	<b>2.36</b>	<b>39.84</b>	<b>42.20</b>

### 2 Following are the changes in carrying value of lease liability

(₹ in lakhs)

Particulars	As at 31.03.2022	As at 31.03.2021
Opening Balance	49.49	82.19
Additions	-	-
Finance cost accrued during the year	3.70	7.02
Payment of Lease Liability	(33.26)	(39.72)
Closing Balance	19.93	49.49
Non Current Balance	-	16.23
Current Balance	19.93	33.26

- 3 Lease payments recognised in the Statement of Profit and Loss is ₹ 32.79 Lakhs (Previous Year ₹ 207.91 Lakhs) excluding amortisation of Right of Use.
- 4 Future minimum lease rentals payable under non - cancellable operating lease agreements, in respect of assets taken on operating lease:

(₹ in lakhs)

Particulars	As at 31.03.2022	As at 31.03.2021
a) Not later than one year	52.88	40.43
b) Later than one year but not later than five years	50.77	20.60
c) Later than five years	-	-
<b>Total</b>	<b>103.65</b>	<b>61.03</b>

#### General Terms of Lease Rentals:

- Lease rentals are charged on the basis of agreed terms.
- Assets are taken on lease for a period ranging between 9 months to 5 years.
- The lease agreements can be renewed on mutually agreed terms with the lessee.

#### 41 Interest in Other Entities

##### A. Details of Entities considered for the Consolidated Financial Statements

Particulars	Country of Incorporation	Principal Activity	Proportion of Ownership Interest	
			As at 31.03.2022	As at 31.03.2021
Morarjee Castiglioni (India) Private Limited (Joint Venture)	India	Trading	50%	50%

##### B. Summarised Financial Position

(₹ in lakhs)

Particulars	Morarjee Castiglioni (India) Private Limited	
	As at 31.03.2022	As at 31.03.2021
Non-current assets	28.01	32.05
Current assets	72.80	73.14
<b>Total Assets (A)</b>	<b>100.81</b>	<b>105.19</b>
Non-current liabilities	-	-
Current liabilities	2.22	1.82
<b>Total Liabilities (B)</b>	<b>2.22</b>	<b>1.82</b>
<b>Net Assets (A-B)</b>	<b>98.59</b>	<b>103.37</b>
<b>The Company's share of net assets *</b>	<b>49.30</b>	<b>51.69</b>
<b>(Carrying amount of interest in Joint Venture)</b>		
Contingent liability	-	-
Commitments	-	-

##### C. Summarised Financial Performance

(₹ in lakhs)

Particulars	Morarjee Castiglioni (India) Private Limited	
	Year ended 31.03.2022	Year ended 31.03.2021
Total revenue	1.64	1.77
Total expenses	6.01	8.81
<b>(Loss) before tax</b>	<b>(4.37)</b>	<b>(7.04)</b>
Tax expense	0.41	0.44
(Loss) for the year	(4.78)	(7.48)
<b>Other Comprehensive Income (OCI)</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>	<b>(4.78)</b>	<b>(7.48)</b>
<b>Company's share in (Loss)</b>	<b>(2.39)</b>	<b>(3.74)</b>
Company's share in OCI	-	-
Company's share in Total Comprehensive Income	(2.39)	(3.74)

##### D. Movement of Investment accounted for using Equity Method

(₹ in lakhs)

Particulars	Morarjee Castiglioni (India) Private Limited	
	Year ended 31.03.2022	Year ended 31.03.2021
Opening balance	51.69	55.43
Share in Profit / (Loss)	(2.39)	(3.74)
Sale of Joint venture	-	-
<b>Closing balance</b>	<b>49.30</b>	<b>(51.69)</b>



# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

## E. Additional Information of Consolidated Entities, as required under Schedule III to the Companies Act, 2013

Particulars	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	As at 31.03.2022	As % of consolidated profit or loss	Year ended 31.03.2022	As % of consolidated OCI	Year ended 31.03.2022	As % of total comprehensive income	Year ended 31.03.2022
<b>Parent</b>								
Morarjee Textiles Limited	99.85	(9,317.84)	99.97	(8,811.57)	100.00	(12.22)	99.97	(8,823.79)
<b>Indian Joint Ventures</b>								
Morarjee Castiglioni (India) Private Limited	(0.53)	49.30	0.03	(2.39)	-	-	0.03	(2.39)
<b>Adjustments on account of consolidation</b>	0.69	(64.09)	-	-	-	-	-	-
<b>Total</b>	100.00	(9,332.64)	100.00	(8,813.96)	100.00	(12.22)	100.00	(8,826.18)

Particulars	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	As at 31.03.2021	As % of consolidated profit or loss	Year ended 31.03.2021	As % of consolidated OCI	Year ended 31.03.2021	As % of total comprehensive income	Year ended 31.03.2021
<b>Parent</b>								
Morarjee Textiles Limited	97.55	(494.05)	99.94	(6,162.53)	100.00	(28.28)	99.94	(6,190.81)
<b>Indian Joint Ventures</b>								
Morarjee Castiglioni (India) Private Limited	(10.21)	51.69	0.06	(3.74)	-	-	0.06	(3.74)
<b>Adjustments on account of consolidation</b>	12.66	(64.10)	-	-	-	-	-	-
<b>Total</b>	100.00	(506.46)	100.00	(6,166.27)	100.00	(28.28)	100.00	(6,194.55)

### 42 Capital Management

#### a) Risk Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents.

Particulars	(₹ in lakhs)	
	As at 31.03.2022	As at 31.03.2021
Total borrowings	52,521.42	51,639.47
Less : Cash and cash equivalents	1,674.11	488.89
<b>Adjusted net debt</b>	<b>50,847.31</b>	<b>51,150.58</b>
Total equity	(9,317.84)	(494.05)
Less : Hedging reserve	-	-
Adjusted equity	(9,317.84)	(494.05)
<b>Adjusted net debt to adjusted equity ratio</b>	<b>(5.46)</b>	<b>(103.53)</b>

- b) During the year, the Company has not declared any dividend on Preference shareholders and equity shareholders.

### 43 Financial Risk Management

#### Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management

standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### A. Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition.

The Company measures the expected credit loss of trade receivables from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

#### i Trade Receivables

Trade receivables ageing schedule as at March 31, 2022 and March 31, 2021:

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 Months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - Considered Good	1,037.22 (1,120.28)	779.94 (1,859.51)	29.88 (86.25)	57.57 (340.91)	- -	- -	1,904.61 (3,406.95)
Undisputed Trade Receivables - Which have significant increase in credit risk	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Undisputed Trade Receivables - Credit Impaired	- (-)	- (-)	- (-)	- (-)	285.78 (137.70)	254.05 (205.32)	539.83 (343.02)
Disputed Trade Receivables - Considered Good	- (-)	- (-)	- (-)	- -	- (-)	- (-)	- (-)
Disputed Trade Receivables - Which have significant increase in credit risk	- (-)	- (-)	- (-)	- -	- (-)	- (-)	- (-)
Disputed Trade Receivables - Credit impaired	- (-)	- (-)	- (-)	34.27 (-)	- (-)	432.41 (466.68)	466.68 (466.68)
<b>Total Trade Receivables</b>	<b>1,037.22</b> <b>(1,120.28)</b>	<b>779.94</b> <b>(1,859.51)</b>	<b>29.88</b> <b>(86.25)</b>	<b>91.84</b> <b>(340.91)</b>	<b>285.78</b> <b>(137.70)</b>	<b>686.46</b> <b>(672.00)</b>	<b>2,911.12</b> <b>(4,216.65)</b>
Provision for Doubtful debts							817.00 (672.00)
Net Trade Receivables							2,094.12 (3,544.65)

Previous year amounts are in brackets.

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

#### b. Movement in Provision for Doubtful Debts

(₹ in lakhs)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Opening provision	672.00	522.00
Add:- Additional provision made	145.00	150.00
Less:- Amounts written off	-	-
Less:- Provision reversed	-	-
<b>Closing provision</b>	<b>817.00</b>	<b>672.00</b>

#### ii Investments other than Investments in Joint Venture

There is investment of Rs. 0.89 Lakh (Rs. 0.89 Lakh as at 31st March, 2021) and no impairment has been recognised on such investments.

# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

## iii Cash and Bank Balances

The Company held cash and bank balance with credit worthy banks of Rs.1,833.19 Lakhs at March 31, 2022 (March 31, 2021 Rs. 656.57 Lakhs), includes Fixed deposits marked under lien with banks of Rs.155.25 Lakhs at March 31, 2022 (March 31, 2021 Rs.148.91 Lakhs).The credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks where credit risk is largely perceived to be extremely insignificant.

## iv Loans

No impairment in respect of loans was necessary during the current as well as previous year.

## B. Liquidity Risk

Liquidity risk is the risk that 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 to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position on the basis of expected cash flows. The Company manages its liquidity risk by preparing periodic cash flow projections to monitor liquidity requirements. In addition, the Company monitors the Balance Sheet liquidity ratios against internal and external regulatory requirements and maintains debt financing plans.

### Maturity Pattern of Financial Liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date.

As at 31st March, 2022					(₹ in lakhs)
Particulars	Carrying Amount	0-1 year	1-5 years	Beyond 5 years	Total
Long-term borrowings (including current maturities of long-term debt)	30,277.81	13,763.46	16,514.50		30,277.96
Short-term borrowings	22,243.61	22,243.61	-	-	22,243.61
Interest accrued on borrowings	9,025.39	9,025.39	-	-	9,025.39
Trade payables	7,679.14	7,679.14	-	-	7,679.14
Other current financial liabilities	73.33	73.33	-	-	73.33
As at 31st March, 2021					(₹ in lakhs)
Particulars	Carrying Amount	0-1 year	1-5 years	Beyond 5 years	Total
Long-term borrowings (including current maturities of long-term debt)	29,746.99	6,867.36	20,080.07	2,799.56	29,746.99
Short-term borrowings	21,892.48	21,892.48	-	-	21,892.48
Interest accrued on borrowings	3,230.10	3,230.10	-	-	3,230.10
Trade payables	8,371.94	8,371.94	-	-	8,371.94
Other current financial liabilities	85.14	85.14	-	-	85.14

## C. Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

### i) Currency Risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales to overseas customers and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods in the respective currencies.

**(a) Derivative Instruments**

(₹ in lakhs)		
Particulars	As at 31.03.2022	As at 31.03.2021
Forward contracts to sell USD	-	-

Derivative financial instruments such as foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

**(b) Foreign Currency Exposures\*****As at 31st March, 2022**

(Foreign currency in lakhs)

Particulars	USD	EURO	GBP	CHF	JPY
Trade receivable	10.10	1.70	-	-	-
Trade payables	-	-	-	0.01	7.20

**As at 31st March, 2021**

(Foreign currency in lakhs)

Particulars	USD	EURO	GBP	CHF	JPY
Trade receivable	22.46	1.44	-	-	-
Trade payables	0.18	-	-	0.01	7.20

\* Advance Received in foreign currency are not considered for disclosure purpose

**(c) Details of Hedged and Unhedged Foreign Currency Exposure****As at 31st March, 2022**

(Foreign currency in lakhs)

Particulars	USD	EURO	GBP	CHF	JPY
Trade receivables		1.70	-	-	-
Less: Foreign currency forward contracts (Sell)	-	-	-	-	-
<b>Unhedged receivable</b>	<b>-</b>	<b>1.70</b>	<b>-</b>	<b>-</b>	<b>-</b>
Trade payables	-	-	-	0.01	7.20
Less: Foreign currency forward contracts (Buy)	-	-	-	-	-
<b>Unhedged payable</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>7.20</b>

**As at 31st March, 2021**

(Foreign currency in lakhs)

Particulars	USD	EURO	GBP	CHF	JPY
Trade receivables	22.46	1.44	-	-	-
Less: Foreign currency forward contracts (Sell)	-	-	-	-	-
<b>Unhedged receivable</b>	<b>22.46</b>	<b>1.44</b>	<b>-</b>	<b>-</b>	<b>-</b>
Trade payables	0.18	-	-	0.01	7.20
Less: Foreign currency forward contracts (Buy)	-	-	-	-	-
<b>Unhedged payable</b>	<b>0.18</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>7.20</b>

**(d) Foreign Currency Risk Sensitivity**

A change of 1% in foreign currency exchange rate applied on net foreign exposure (i.e. net unhedged payable / receivable) would have following Impact on profit before tax:

(₹ in lakhs)				
Particulars	Year ended 31.03.2022		Year ended 31.03.2021	
	1% Increase	1% decrease	1% Increase	1% decrease
USD	7.66	(7.66)	16.13	(16.13)
EURO	1.44	(1.44)	1.23	(1.23)
GBP	-	-	-	-
CHF	(0.01)	0.01	(0.01)	0.01
JPY	(0.04)	0.04	(0.05)	0.05
<b>Increase / (decrease) in profit or loss</b>	<b>9.05</b>	<b>(9.05)</b>	<b>17.30</b>	<b>(17.30)</b>

**ii Interest Rate Risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

## Exposure to Interest Rate Risk

In order to optimise the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, the Company performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio. According to the Company, interest rate risk exposure is only for floating rate borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the Management of the Company is as follows.

(₹ in lakhs)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Borrowings bearing fixed rate of interest	5,743.65	5,756.31
Borrowings bearing floating rate of interest	46,777.76	45,883.16
<b>Total Borrowings</b>	<b>52,521.41</b>	<b>51,639.47</b>

## Interest Rate Sensitivity

### a) Fair Value Sensitivity Analysis for Fixed-rate Instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### b) Cash Flow Sensitivity Analysis for Variable-rate Instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular foreign currency exchange rates remain constant.

A change of 25 bps in interest rates would have following impact on profit before tax.

(₹ in lakhs)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
25 bp decrease	116.94	114.71
25 bp increase	(116.94)	(114.71)

## 44 Fair Value Measurement

### A) Accounting Classification and Fair Values

#### As at 31st March, 2022

(₹ in lakhs)					
Particulars	FVTPL	FVTOCI	Amortised Cost	Total Carrying Amount	Fair Value
<b>Non-current Financial Assets</b>					
Investments	-	0.25	0.64	0.89	0.89
Other Financial Assets	-	-	55.56	55.56	55.56
<b>Total</b>	-	<b>0.25</b>	<b>56.20</b>	<b>56.45</b>	<b>56.45</b>
<b>Current Financial Assets</b>					
Trade receivables	-	-	2,094.13	2,094.13	2,094.13
Cash and cash equivalents	-	-	1,674.11	1,674.11	1,674.11
Other bank balances	-	-	159.08	159.08	159.08
Loans	-	-	8.10	8.10	8.10
<b>Total</b>	-	-	<b>3,935.42</b>	<b>3,935.42</b>	<b>3,935.42</b>
<b>Non-current Financial Liabilities</b>					
Borrowings	-	-	15,579.03	15,579.03	15,579.03
Lease Liability	-	-	-	-	-
<b>Total</b>	-	-	<b>15,579.03</b>	<b>15,579.03</b>	<b>15,579.03</b>
<b>Current Financial Liabilities</b>					
Borrowings	-	-	36,942.39	36,942.39	36,942.39
Lease Liability	-	-	19.93	19.93	19.93
Trade payables	-	-	7,679.14	7,679.14	7,679.14
Other financial liabilities	-	-	9,098.72	9,098.72	9,098.72
<b>Total</b>	-	-	<b>53,740.18</b>	<b>53,740.18</b>	<b>53,740.18</b>

**As at 31st March, 2021**

(₹ in lakhs)

Particulars	FVTPL	FVTOCI	Amortised Cost	Total Carrying Amount	Fair Value
<b>Non-current Financial Assets</b>					
Investments	-	0.25	0.64	0.89	0.89
Other Financial Assets	-	-	36.63	36.63	36.63
<b>Total</b>	-	<b>0.25</b>	<b>37.27</b>	<b>37.52</b>	<b>37.52</b>
<b>Current Financial Assets</b>					
Trade receivables	-	-	3,544.65	3,544.65	3,544.65
Cash and cash equivalents	-	-	488.89	488.89	488.89
Other bank balances	-	-	167.68	167.68	167.68
Loans	-	-	22.16	22.16	22.16
<b>Total</b>	-	-	<b>4,223.38</b>	<b>4,223.38</b>	<b>4,223.38</b>
<b>Non-current Financial Liabilities</b>					
Borrowings	-	-	22,879.63	22,879.63	22,879.63
Lease Liability	-	-	16.23	16.23	16.23
<b>Total</b>	-	-	<b>22,895.86</b>	<b>22,895.86</b>	<b>22,895.86</b>
<b>Current Financial Liabilities</b>					
Borrowings	-	-	28,759.84	28,759.84	28,759.84
Lease Liability	-	-	33.26	33.26	33.26
Trade payables	-	-	8,371.94	8,371.94	8,371.94
Other financial liabilities	-	-	3,315.24	3,315.24	3,315.24
<b>Total</b>	-	-	<b>40,480.28</b>	<b>40,480.28</b>	<b>40,480.28</b>

**B) Fair Value Hierarchy**

Fair values of all financial instruments mentioned in Note no. 44(A) above belong to Level 3 Fair Value Hierarchy.

Carrying amounts of financial instruments such as cash and cash equivalents, other bank balances, trade receivables, loans, borrowings, trade payables and other financial assets and liabilities at 31st March 2022 and 31st March 2021 reasonably approximate their respective fair values.

**45 Segment Reporting**

Based on the "management approach" as defined in Ind AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators of business, the segment/s in which the Company operates. The Company is primarily engaged in the business of Textile Products which the Management and CODM recognise as the sole business segment. Hence, disclosure of segment-wise information is not required and accordingly not provided.

**46 Corporate Social Responsibility Expenditure (CSR)**

Disclosure as required under Section 135 of Companies Act, 2013, read with Companies (Corporate Social Policy) Rules, 2014 is as under:

- Gross amount required to be spent by the Company during the year Rs. Nil Lakhs (Previous year Rs. Nil Lakhs)
- CSR expenditure incurred during the year:

(₹ in lakhs)

Particulars	In cash		Yet to be paid in cash	
	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
(i) On construction/acquisition of any asset	-	-	-	-
(ii) On purposes other than (i) above (refer footnote)	-	-	-	-

The Company undertakes its Corporate Social Responsibility (CSR) activities through Conservation Wildlands Trust. The foundation operates in areas of health, vocational skill training, environment and education. The Company has contributed Rs. Nil Lakhs (Previous year Rs. Nil Lakhs) to the foundation for undertaking CSR activities as defined under CSR rules.



# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

- 47** The outbreak of COVID-19 pandemic is causing significant disturbance and slowdown of economic activities globally. The nationwide lockdown ordered by the Government of India has resulted in significant reduction in economic activities throughout the country and also impacted the business operations of the Company in terms of production and sales due to lockdown and very low demand and production activity.

In preparing the financial statements, the Company's management has been required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, equity, income and expenses. These estimates and associated assumptions, especially for assessing any impairment of Inventory are based on historical experience and various other factors including the possible effects that may result from the pandemic; and are believed to be reasonable under the current circumstances. Considering the assessment, the Company expects to recover the carrying amount of all these assets.

Given the dynamic nature of the pandemic situation, the valuation of Inventory and future profits for adjusting MAT Credit Entitlements as at 31<sup>st</sup> March, 2022 is subject to evolving uncertainty and may be affected in future by the severity and duration of the outbreak. In the event the impacts are more severe or prolonged than anticipated, this may have a corresponding impact on the carrying value of the Inventory, the financial position and financial performance of the Company. The management would be closely monitoring the situation as it evolves.

- 48** i) The Company has submitted debt restructuring plan to consortium of lenders, in terms of RBI Circular dated June 7, 2019. The plan submitted by the Company envisages several reliefs and concessions from lenders. The Core Committee formed by the lenders consortium has commenced the debt restructuring process and has undertaken several steps in this regard to facilitate the same. As part of the process, the "Inter-Creditor Agreement" has been executed by requisite number of lenders and it is so far progressing satisfactorily. The Lenders have decided in the consortium meeting that the resolution plan submitted by the Company would be considered for proceeding further on the resolution as per the aforesaid RBI Circular. Further, the lenders have also indicated to complete the resolution process expeditiously.
- ii) The Company has incurred net loss including cash losses during the year as also in the previous year, owing to high finance cost, weak demand during previous year and in the first half of current financial year coupled with overall impact on account of pandemic conditions. The net worth has completely eroded. There have been continuous delays and defaults in repayment of debt obligations. The loan account of the Company is classified as NPA by lenders and some of the lenders have served notice on / taken legal recourse against the Company, requiring repayment of the loan. The Company is in discussions with them to amicably resolve the same. Further, the Company has, after obtaining the approval of Preference Shareholders, approached NCLT under Section 55 of the Companies Act 2013 for issue of further Redeemable Cumulative Non-Convertible Preference Shares against the existing Preference Shares of Rs.10 crores which were due for redemption on November 15, 2019 for a further period of 20 years. The approval of NCLT is awaited.

These events/conditions indicate the existence of uncertainty on the Company's ability to continue as a going concern. However, having regard to the debt restructuring plan submitted as explained in Note 48 (i) above, the Lenders having indicated that the resolution plan be taken ahead for completion expeditiously and considering various cost control initiatives taken by the company, gradually improving operations of the company, including sale of long held inventory, and other strategic initiatives, the management has a reasonable expectation that the Company would have ability and adequate resources to continue its operational existence for the foreseeable future. Accordingly, the financial statements are prepared on a going concern basis.

#### **49 Additional regulatory information required by schedule III to the Companies Act,2013**

- I. The Company has not traded or invested in crypto currency or virtual currency during the year.
- II. The Company does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- III. There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.
- IV. The Company does not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.
- V. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - (b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- VI. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries
- VII The Company has not been declared wilful defaulter by any banks / financial institution.
- VIII The Company has not revalued its property , plant and equipment (including right of use assets) or intangible assets during the current year or previous year.
- IX. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act 2013 read with Companies (Restrictions on number of Layers) Rules, 2017.
- X. The Company has not obtained any new sanctioned working capital limit during the year, from banks and/or financial institution, on the basis of security of current assets. However, based on stock and debtors statement submitted to banks on quarterly basis for facilities obtained, the difference is not material as compared to value of stock and debtors with books of account.
- XI. The Company has not obtained any term loans from banks and financial institution during the financial year.
- XII. The Company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.

#### **50 Related Party Disclosure**

##### **i List of Related Parties**

###### **A. Joint Ventures**

**Morarjee Castiglioni (India) Private Limited**

###### **B. Key Management Personnel**

Ms. Urvi A. Piramal - Chairperson

Mr. Harshvardhan A. Piramal - Executive Vice Chairman

Mr. Amresh Narayan Chief Executive Officer (w.e.f. 04.08.21)

and Whole Time Director (w.e.f. 02.09.2021)

Mr. R. K. Rewari - Managing Director (up to 31.08.2021)

Mr. Mahesh S. Gupta - Director

Lt. Gen. A. K. Singh (Retd.) - Director

Ms. Alpana Samir Chinai - Director

Mr. Archit Jayakar - Director

Mr. Devesh Dadheech - Director

Mr. S. C. Kashimpuria - Chief Finance Officer (up to 31.10.2021)

Mr. Naveen Kumar Dadi- VP Finance & Accounts (w.e.f. 18.10.2021)

# Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022

and Chief Finance Officer (w.e.f. 01.11.2021)  
Ms. Nishthi H Dharmani - Company Secretary

## C. Enterprises over which Key Management Personnel exercise significant influence with whom transactions were entered into during the year

Peninsula Land Limited  
Ashok Piramal Management Corporation Limited  
Ashok G. Piramal Trust  
Urvi Ashok Piramal Foundation  
Conservation Wildlands Trust  
Miranda Tools Private Limited (Formerly know as PMP Auto Components Private Limited)  
Integra Garments and Textiles Limited (upto 07.08.2021)  
Argento Home Products LLP  
Shrikrishna Finvest & Capital Management Pvt Ltd  
Piramal Nextgen Industries Private Limited

## ii. Details of Transactions are as follows:

		(₹ in lakhs)	
Particulars	Year ended 31.03.2022	Year ended 31.03.2021	
<b>A Sales of Products / Assets*</b>			
<b>Enterprises over which Key Management Personnel exercise significant influence</b>			
Argento Home Products LLP	0.84	22.29	
Conservation Wildlands Trust	-	0.04	
Shrikrishna Finvest & Capital Management Pvt Ltd	97.87	31.42	
Urvi Ashok Piramal Foundation	0.17	-	
Piramal Nextgen Industries Private Limited	0.60	-	
<b>B Charges for Services Rendered by*</b>			
<b>Enterprises over which Key Management Personnel exercise significant influence</b>			
Ashok Piramal Management Corporation Limited	5.90	28.32	
<b>C Remuneration and Sitting Fees</b>			
<b>Key Management Personnel</b>			
<b>Remuneration</b>			
Mr. R. K. Rewari <sup>#</sup>	138.69	113.40	
Mr. Amresh Narayan	61.63	-	
Mr. S. C. Kashimpuria <sup>#</sup>	87.02	43.95	
Mr. Naveen Kumar Dadi	21.86	-	
Ms. Nishthi H Dharmani	13.74	11.60	
<sup>#</sup> Includes Gratuity and leave encashment etc. payable on resignation/ retirement.			
<b>Sitting Fees</b>			
Ms. Urvi A. Piramal	3.40	2.70	
Mr. Mahesh S. Gupta	3.00	2.50	
Lt. Gen. A. K. Singh (Retd.)	4.85	3.90	
Ms. Alpana Samir Chinai	2.50	2.55	
Mr. Archit Jayakar	3.20	3.90	
Mr. Devesh Dadheech	4.45	2.70	
<b>D Rent and Maintenance Expenses*</b>			
Enterprises over which Key Management Personnel exercise significant influence			
<b>Miranda Tools Private Limited</b>	-	0.35	
<b>* Inclusive Goods and Services Tax</b>			

		(₹ in lakhs)	
Particulars		As at 31.03.2022	As at 31.03.2021
E	<b>Outstanding Balances</b>		
a.	<b>Payable</b>		
	<b>Joint Venture</b>		
	Morarjee Castiglioni (India) Private Limited	69.03	74.89
	<b>Enterprises over which Key Management Personnel exercise significant influence</b>		
	Peninsula Land Limited	292.26	360.73
	Miranda Tools Private Limited	-	0.06
b.	<b>Receivable</b>		
	<b>Enterprises over which Key Management Personnel exercise significant influence</b>		
	Argento Home Products LLP	-	3.83
	Ashok G. Piramal Trust	-	0.14
	Conservation Wildlands Trust	-	0.04
	Shrikrishna Finvest & Capital Management Pvt Ltd	49.52	23.53
	Urvi Ashok Piramal Foundation	0.17	-
	Piramal Nextgen Industries Private Limited	0.60	-
c.	<b>Security Deposit Receivables</b>		
	<b>Enterprises over which Key Management Personnel exercise significant influence</b>		
	Peninsula Land Limited	12.00	12.00

## 51 Earnings Per Share

		(Rs. in lakhs, unless stated otherwise)	
Particulars		Year ended 31.03.2022	Year ended 31.03.2021
(a)	<b>Profit attributable to Equity shareholders of the Company</b>	(8,813.96)	(6,166.27)
(b)	Weighted average number of ordinary shares (No.)	3,63,32,349	3,63,32,349
(c)	Earnings per share - Basic and Diluted (Rs.)	(24.26)	(16.97)
(d)	Face value of an equity share (Rs.)	7	7

52 Previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

As per our attached report of even date

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI FRN : 103523W / W100048  
**Sumant Sakhardande**  
Partner  
Membership No. 034828  
Mumbai : 19th May, 2022

**Urvi A. Piramal**  
(DIN 00044954)  
Chairperson  
**Alpana Chinai**  
(DIN 00136144)  
Director

**Harshvardhan A. Piramal**  
(DIN 00044972)  
Executive Vice Chairman  
**Archit Jayakar**  
(DIN 01904013)  
Director

For and on behalf of Board of Directors

**Amresh Narayan**  
(DIN - 09302625)  
Director & CEO  
**Devesh Dadheech**  
(DIN - 01656629)  
Director

**Mahesh S. Gupta**  
(DIN 00046810)  
Director

**Naveen Kumar Dadi**  
Chief Financial Officer

**Lt.Gen.A.K.Singh (Retd.)**  
(DIN 07698288)  
Director  
**Nishthi H. Dharmani**  
Company Secretary

# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2022

Particulars	31st March, 2022		31st March, 2021	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit Before Tax		(8,811.57)		(7,398.79)
Adjustments for :				
Depreciation and amortisation	2,288.47		2,327.89	
Finance costs	7,246.32		5,454.72	
Provision for doubtful debts	145.00		150.00	
Deferred income	(90.69)		(90.69)	
Interest income	(26.64)		(25.30)	
		<u>9,562.46</u>		<u>7,816.62</u>
<b>Operating Profit Before Working Capital Changes</b>		750.89		417.83
<b>Adjustments for Changes in Working Capital</b>				
(Increase)/ Decrease in trade and other receivables	2,007.80		(49.77)	
(Increase) /Decrease in inventories	(245.91)		2,146.71	
Increase/(Decrease) in trade payables and other liabilities	<u>(710.53)</u>		<u>(12,325.27)</u>	
		<u>1,051.36</u>		<u>(10,228.33)</u>
<b>Cash Generated From Operations</b>		1,802.25		(9,810.50)
Direct taxes paid		<u>(17.39)</u>		<u>(8.62)</u>
<b>Net Cash Flow from Operating Activities (A)</b>		1,784.86		(9,819.12)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of PPE (Including Capital Advances)	(29.61)		(75.55)	
Interest received	25.92		15.64	
Maturity of / (Investment in) fixed deposit with banks	<u>(6.42)</u>		<u>22.77</u>	
<b>Net Cash Used in Investing Activities (B)</b>		(10.11)		(37.14)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayment of long-term borrowings	(178.96)		(100.72)	
Increase/ (Decrease) in short-term borrowings	351.13		12,437.57	
Interest paid	<u>(761.70)</u>		<u>(2,018.72)</u>	
<b>Net Cash Flow from / (Used in) Financing Activities (C)</b>		(589.53)		10,318.13
Net Increase / (Decrease) in Cash and Cash Equivalents (A)+(B)+(C)		1,185.22		461.87
Cash and Cash Equivalents (Refer Note no. 9) :-				
- At the beginning of the year		488.89		27.02
- At the end of the year		1,674.11		488.89

1. The Statement of Cash Flows is prepared in accordance with Ind AS 7 as notified by Ministry of Corporate Affairs.

2. In Part A of the Statement of Cash Flows, figures in brackets indicate deduction made from the net profit for deriving the net cash flow from operating activities. In Part B and Part C, figures in brackets indicate cash outflows.

3. Refer Note no. 36 for reconciliation of liabilities arising from Financing Activities.

As per our attached report of even date

For and on behalf of Board of Directors

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI FRN : 103523W / W100048

**Sumant Sakhardande**

Partner

Membership No. 034828

Mumbai : 19th May, 2022

**Urvi A. Piramal**

(DIN 00044954)

Chairperson

**Alpana Chinai**

(DIN 00136144)

Director

**Harshvardhan A. Piramal**

(DIN 00044972)

Executive Vice Chairman

**Archit Jayakar**

(DIN 01904013)

Director

**Amresh Narayan**

(DIN - 09302625)

Director & CEO

**Devesh Dadheech**

(DIN - 01656629)

Director

**Mahesh S. Gupta**

(DIN 00046810)

Director

**Naveen Kumar Dadi**

Chief Financial Officer

**Lt.Gen.A.K.Singh (Retd.)**

(DIN 07698288)

Director

**Nishthi H. Dharmani**

Company Secretary

## FINANCIAL HIGHLIGHTS

Particulars	₹ in lakhs				
	2021-22	2020-21	2019-20	2018-19	2017-18
Total Income	27,350.77	19,504.76	38,416.08	35,025.31	36,750.91
Profit / (Loss) Before Depreciation, Interest & Tax	723.22	383.82	4,427.85	4,275.68	7,504.84
Interest	7,246.32	5,454.72	5,719.83	5,393.54	5,139.09
Cash Profit / (Loss)	(6,523.10)	(5,070.90)	(1,291.98)	(1,117.86)	2,365.75
Depreciation	2,288.47	2,327.89	2,371.66	2,321.17	2,283.99
Profit / (Loss) Before Tax and Exceptional Item	(8,811.57)	(7,398.79)	(3,663.64)	(3,439.03)	81.76
Exceptional item - Loss on Sale of Investment	-	-	24.12	-	-
Profit / (Loss) Before Tax	(8,811.57)	(7,398.79)	(3,687.76)	(3,934.03)	81.76
Provision for Tax (MAT)	-	-	-	(6.31)	-
Deferred Tax	-	(1,236.26)	(1,078.79)	(984.28)	41.27
Profit / (Loss) for the year	(8,811.57)	(6,162.53)	(2,608.97)	(2,448.44)	40.49
Other Comprehensive Income (Net of Tax)	(12.22)	(28.28)	2.25	14.96	(18.88)
Total Comprehensive Income for the year	(8,823.79)	(6,190.81)	(2,606.72)	(2,433.48)	21.61
Earnings per share (₹)	(24.25)	(16.96)	(7.18)	(6.74)	0.11
Equity Dividend (%)	-	-	-	-	-
Book Value per share (₹)**	(25.65)	(1.36)	15.68	22.85	29.55



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Spinning Lab



Ring Frame section



## MORARJEE TEXTILES LIMITED

Peninsula Corporate Park, Unit 5, Ground Floor, Tower 1,  
Wing B, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013