

**NILKAMAL ESWARAN MARKETING (PVT) LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022**



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NILKAMAL ESWARAN MARKETING (PVT) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nilkamal Eswaran Marketing (Pvt) Ltd ("the Company"), which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-Sized Entities.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. These financial statements do not comprise other information.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standard for Small and Medium-Sized Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA	C.P. Jayatilake FCA	T.J.S. Rajakarier FCA
W.J.C. Perera FCA	Ms. S. Joseph FCA	Ms. S.M.B. Jayasekara FCA
W.K.D.C. Abeyrathne FCA	S.T.D.L. Perera FCA	G.A.U. Karunaratne FCA
R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA	R.H. Rajan FCA
M.N.M. Shameel FCA	Ms. C.T.K.N. Perera ACA	A.M.R.P. Alahakoon ACA
Ms. P.M.K. Sumanasekara FCA		
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W.A.A. Weerasekara CFA, ACMA, MRICS		



Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: <http://slaasc.com/auditing/auditorsresponsibility.php>. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

13 May 2022

NILKAMAL ESWARAN MARKETING (PVT) LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March,

	Notes	2022 Rs.	2021 Rs.
Revenue	5	52,220,378	41,924,486
Cost of sales		<u>(34,524,720)</u>	<u>(36,562,591)</u>
Gross profit		17,695,658	5,361,895
Administrative expenses		(970,969)	(787,399)
Distribution expenses		(838,335)	(118,325)
Profit from operations	6	15,886,354	4,456,171
Net finance income/ (expense)	7	(3,140,878)	109,048
Profit before taxation		12,745,476	4,565,219
Income tax expense	8	(3,491,403)	(1,726,730)
Profit for the year		9,254,073	2,838,489
Other comprehensive income for the year		-	-
Total comprehensive income for the year		9,254,073	2,838,489
Basic earnings per share	9	92,541	28,385

The annexed notes to the Financial Statements form an integral part of these Financial Statements.

Figures in bracket indicate deductions.




NILKAMAL ESWARAN MARKETING (PVT) LTD
STATEMENT OF FINANCIAL POSITION

As at 31 March,

	Notes	2022 Rs.	2021 Rs.
ASSETS			
Current assets			
Deferred taxation	10	881,280	-
Inventories	11	25,552,209	25,865,619
Trade and other receivables	12	9,737,273	9,217,429
Cash and cash equivalents	13	28,048,881	6,949,503
Total current assets		64,219,643	42,032,551
TOTAL ASSETS		64,219,643	42,032,551
EQUITY			
Stated capital	14	1,000	1,000
Retained earnings		49,752,380	40,498,307
Total equity		49,753,380	40,499,307
LIABILITIES			
Current Liabilities			
Trade and other payables	15	12,058,076	757,274
Related party payables	16	-	7,252
Current taxation	17	2,408,187	768,718
Total current Liabilities		14,466,263	1,533,244
TOTAL EQUITY AND LIABILITIES		64,219,643	42,032,551


The annexed notes to the Financial Statements form an integral part of these Financial Statements.

These Financial Statements are in compliance with the requirements of Companies Act No 7 of 2007.




 (Sgd) Biyanka Wanasinghe
 Deputy General Manager - Finance

The Board of Directors are responsible for the preparation of these Financial Statements.
 Approved and signed for and on behalf of the Board:



 (Sgd) Biyanka Wanasinghe
 Director



 (Sgd) Eassuwaran Deivanayagam
 Director

13 May 2022
 Colombo



NILKAMAL ESWARAN MARKETING (PVT) LTD
STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2020	1,000	37,659,818	37,660,818
Total comprehensive income for the year			
Profit for the year		2,838,489	2,838,489
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	2,838,489	2,838,489
Balance as at 31 March 2021	1,000	40,498,307	40,499,307
Balance as at 1 April 2021	1,000	40,498,307	40,499,307
Total comprehensive income for the year			
Profit for the year		9,254,073	9,254,073
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	9,254,073	9,254,073
Balance as at 31 March 2022	1,000	49,752,380	49,753,380

The annexed notes to the Financial Statements form an integral part of these Financial Statements.

Figures in bracket indicate deductions.



NILKAMAL ESWARAN MARKETING (PVT) LTD
STATEMENT OF CASH FLOWS

<i>For the year ended 31 March,</i>	2022 Rs.	2021 Rs.
Cash flows from operating activities		
Profit before taxation	12,745,476	4,565,219
Adjustment for:		
Provision for slow moving inventories	2,374,141	3,597,681
Reversal for impairment of trade debtors	(161,430)	(16,648)
Interest expense	2,018	368
Operating profit before working capital changes	14,960,205	8,146,620
Decrease/(Increase) in inventories	(2,060,731)	17,207,041
Decrease in trade and other receivables	(358,414)	13,981,825
Decrease in related party receivables	-	45,512
Decrease in trade and other payables	11,300,802	(12,121,539)
Decrease in related party payables	(7,252)	(18,100,329)
Cash generated from operations	23,834,610	9,159,130
Current tax paid	(2,733,214)	(3,215,745)
Interest paid	(2,018)	(368)
Net cash from operating activities	21,099,378	5,943,017
Cash flows from financing activities	-	-
Cash flows from investing activities	-	-
Net increase in cash and cash equivalents	21,099,378	5,943,017
Cash & cash equivalents at the beginning of the year	6,949,503	1,006,486
Cash & cash equivalents at the end of the year (Note 13)	28,048,881	6,949,503

The annexed notes to the financial statements form an integral part of these financial statements.

Figures in bracket indicate deductions.



NILKAMAL ESWARAN MARKETING (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile and Legal Form

Nilkamal Eswaran Marketing (Private) Limited ('the Company') is a limited liability company incorporated in and domiciled in Sri Lanka. The registered office of the Company and the principal place of business are located at 328, Madapatha Road, Batakettera, Piliyandala.

1.2 Principal Activities and Nature of Operations

The principal activity of the Company is buying and selling of all kinds of furniture's and crates.

1.3 Parent Entity and Ultimate Parent Entity

The Company's parent entity and ultimate parent entity are Nilkamal Eswaran Plastics (Pvt) Limited and Nilkamal Limited - India respectively.

1.4 Number of Employees

The number of employees of the Company as at 31 March 2022 are as follow:

Company	Nil (2021 – Nil)
---------	------------------

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements of the Company comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with accounting policies and Notes to the Financial Statements.

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standard for Small and Medium Sized – Entities (SLFRS for SMEs), issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and comply with the requirements of Companies Act, No. 7 of 2007 and amendments thereto.

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements.

These Financial Statements have been prepared on the basis that the Company would continue as a going concern for the foreseeable future.

2.3 Comparative Figures

Where necessary, comparative figures have been rearranged to conform with the current year's presentation.

2.4 Functional and Presentation Currency

All values presented in the Financial Statements are in Sri Lankan Rupees (Rs.) unless otherwise indicated.

2.5 Use of Estimate and Judgment

The preparation of the Financial Statements are in conformity with SLFRS for SMEs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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



NILKAMAL ESWARAN MARKETING (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

- Current taxation (Note 3.2.a)
- Deferred taxation (Note 3.2.b)
- Impairment of financial assets (Note 3.5.3)
- Impairment of Non-financial assets (Note 3.6)
- Provisions and contingencies (Note 3.8 and Note 3.9)

2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.7 Assessment of Implications of COVID-19 Pandemic and Economic Crisis in Sri Lanka

On 11 March 2020 the World Health Organisation (WHO) declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe with over 200 countries affected. Businesses have been negatively impacted due to the overall negative economic conditions followed by the second and third waves of the pandemic.

In light of the COVID-19 outbreak, the Company has been taking various precautionary measures to protect employees, customers and the eco system in which they interact, while at the same time ensuring business continuity. As a step in this direction, the Company enabled most of its office staff to continue work from home and report to the offices on a roster arrangement. Further, the Company was able to continue its ordinary operations with safety and security measures despite of several quarantine curfews imposed by the Government of Sri Lanka after the third wave of Covid-19 during the year ended 31 March 2022.

Sri Lanka has been facing foreign exchange crisis due to the adverse economic impacts of the Covid-19 pandemic and it has grown from acute to severely acute during the financial year ended 31 March 2022. Accordingly, the Government of Sri Lanka is taking various measures to control the outflow of foreign exchange reserves of the Country including restrictions on several imports and outward remittances. Despite the Government's measures to control foreign exchange outflows, continual deterioration of foreign reserves is putting pressure on exchange rate to depreciate in the market. On 7 March 2022, the Central Bank of Sri Lanka (CBSL), set an exchange rate limit of Rs.230/- per US dollar compared to a limit of LKR 200-203 that was controlled by CBSL since October 2021. The Sri Lankan Rupee (LKR) has depreciated by Rs. 96 against USD in a duration of three weeks, bringing the exchange rate to Rs. 299/- per USD as at 31 March 2022. LKR has further depreciated against USD subsequent to the reporting date, bringing the exchange rate to Rs. 365/- per USD as at 13 May 2022. A severe shortage of foreign currency has left the Government of Sri Lanka unable to pay for essential imports, including fuel, foods, gas, and medicine. Short supply in fuel has led to incapacitating power cuts lasting up to 13 hours. At the same time, Sri Lanka's annual headline inflation scaled to 18.7 percent in March 2022 from 3.9 percent in April 2021. As per the memorandum issued by the Ministry of Finance on 12 April 2022, the Sri Lankan Government will suspend normal debt servicing of all Affected Debts (as defined in the memorandum), for an interim period pending an orderly and consensual restructuring of those obligations in a manner consistent with an economic adjustment program supported by the IMF. Subsequent to this announcement, Fitch Ratings has downgraded Sri Lanka's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'C' from 'CC'. These economic conditions have put severe pressure on the Company's liquidity position, cost of imported materials, other external foreign exchange remittances and operations. Nevertheless, the Company is continuously making strategic decisions on alternate choices & financing for the smooth flow of operations and working capital.

There is still significant uncertainty over how the economic crisis and political instability will impact the Company's business in the future periods. Management has therefore modelled a number of different scenarios considering a period of 12 months from the date of authorization of these financial statements. The assumptions modelled are based on the estimated potential impact of COVID-19, restrictions and regulations, expected levels



NILKAMAL ESWARAN MARKETING (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

of consumer demand and the current economic crisis, along with management's proposed responses over the course of the period.

Based on the Company's liquidity position as at the reporting date, the Board of Directors has assessed that there is no uncertainty regarding the settlements of external liabilities during the next 12 months from the date of authorising these financial statements. Accordingly, the Board of Directors is of the view that the Company has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

3.1. Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.2. Income Tax Expense

Income tax expenses comprise of current & deferred tax expenses recognized in the Statement of Profit or Loss and Other Comprehensive Income.

(a) Current Taxation

The Company's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent gazette notifications.

(b) Deferred Taxation

Deferred tax is provided on the liability method for all temporary differences as at the reporting date between the tax bases of assets and liabilities and their carrying amounts of assets and liabilities for financial reporting purposes. The balance in the deferred taxation account represents income tax applicable to the difference between the written down values for tax purpose of the assets on which tax depreciation has been claimed and the net book value of such asset, offset by the provision for employee benefit which is deductible for tax purpose only on payment.

3.3. Events occurring after the reporting date

The materiality of the events occurring after the reporting date have been considered and appropriate adjustments or disclosures have been made in the Financial Statements where necessary.

ASSETS AND BASES OF THEIR VALUATION

3.4. Inventories

Inventories are valued at lower of cost or net realizable value, after making due allowance for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realization and/or cost of conversion from their existing state to saleable condition.

Finished Goods - At purchase cost on first-in-first-out (FIFO) basis



Goods in Transit - At purchase cost

3.5. Financial Assets

An entity shall recognise a financial asset or a financial liability only when the Company becomes a party to the contractual provisions of the instrument.

3.5.1. Initial measurement

When a financial asset or financial liability is recognised initially, the Company shall measure it at the transaction price (including transaction costs) unless the arrangement constitutes, in effect, a financing transaction. A financing transaction may take place in connection with the sale of goods or services, for example, if payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. If the arrangement constitutes a financing transaction, the Company shall measure the financial asset or financial liability at the present value of the future payments discounted at a market rate of interest for a similar debt instrument

3.5.2. Subsequent measurement

At the end of each reporting period, the Company shall measure financial instruments as follows, without any deduction for transaction costs the entity may incur on sale or other disposal.

Debt instruments shall be measured at amortised cost using the effective interest method. Cash and debt instruments that are classified as current assets or current liabilities shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received (i.e., net of impairment) unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the entity shall measure the debt instrument at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other receivables

Trade and other receivables and due from Related Parties are initially recognized at costs. Trade receivable and other receivables are stated at the amounts they are estimated to realize net of impairment for bad and doubtful receivables.

If receivables extend beyond the normal credit terms, those receivables are measured at amortized cost using the effective interest rate at the end of each reporting period.

Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

3.5.3. Impairment of financial assets measured at cost or amortised cost

At the end of each reporting period, the Company shall assess whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost. If there is objective evidence of impairment, the entity shall recognize an impairment loss in profit or loss immediately. Objective evidence that a financial asset or group of assets is impaired includes observable data that come to the attention of the Company about the loss events.

3.5.3.1. Measurement

The Company shall measure an impairment loss on financial assets measured at cost or amortised cost as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

3.5.4. Derecognition of a financial asset

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially

all risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all risks and rewards of ownership and it does not retain control of the financial asset.

3.6. Impairment of Non-financial assets

The carrying amounts of the Company's non-financial assets such as deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognized in profit or loss.

LIABILITIES AND PROVISIONS

Liabilities classified as Current Liabilities on the Statement of Financial Position are those obligations payable on demand or within one year from the Statement of Financial Position. Items classified as non-current liabilities are those obligations, which expire beyond a period of one year from the reporting date.

All known liabilities have been accounted for in preparing the Financial Statements. Provisions and liabilities are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.7. Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The non – derivative financial liabilities comprises only with trade and other payables

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

3.8. Provisions and liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount rate is recognised as a finance cost.

3.9. Contingencies and Capital Commitments

All material capital commitments and contingencies, which exist as at the reporting date, are disclosed in the respective notes to the Financial Statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

3.10. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and that revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes.

The following specific criteria are used for the purpose of recognition of revenue.

(a) Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognized when significant risks and rewards of ownership have been transferred to the customers, usually on dispatch of the goods.

(b) Other Income

Other income is recognized on an accrual basis.

Net gains and losses of a revenue nature on the disposal of non-current assets are accounted for in the Statement of Profit or Loss and Other Comprehensive Income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

3.11. Expenditure Recognition

(a) Operating Expenses

Expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on the basis of a direct association between the cost incurred and the earning specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Profit or Loss and Other Comprehensive Income.

(b) Finance Income and Expense

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments throughout the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

(c) Borrowing cost

All borrowing costs are recognised as an expense in the period in which they are incurred.

3.12 Related Party Transactions

Disclosures has been made in respect of the transactions in which one party has the liability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of a price being charged.

4. STATEMENT OF CASH FLOWS

The Statement of Cash Flows has been prepared using the Indirect Method.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.



NILKAMAL ESWARAN MARKETING (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March,

	2022 Rs.	2021 Rs.
5. Revenue		
Sale of goods	52,220,378	41,924,486
	<u>52,220,378</u>	<u>41,924,486</u>

Revenue comprises the invoiced value of goods dispatched and accepted by the customers outside Nilkamal Group during the year and there were no sales undelivered within the Nilkamal Group.

With the third wave of Covid - 19 pandemic in May 2021, operations of the Company was negatively impacted since the Government of Sri Lanka imposed quarantine curfew till 01 October 2021. However, as the Government allowed certain businesses to continue operations during this lockdown period in 2021, the impact to revenue was comparatively lower than the prior year. Further, the Company has increased its selling prices due to the increase in imported material costs due to adverse foreign exchange rates and introduced products which were allowed under SL import authority. Accordingly, Revenue of the Company has increased during the year ended 31 March 2022.

6. Profit from operations

Profit from operation is stated after charging all the expenses including the following,

Directors' emoluments	Nil	Nil
Auditors' remuneration - audit and audit related services	235,000	223,000
- non-audit services	100,000	328,404
Secretarial Fees	197,034	116,322
Provision for impairment of slow moving stock (Note 11.1)	2,374,141	3,597,681
Sales Incentives-Institutional (Note 6.1)	60,768	2,128

6.1 Sales incentives - institutional sales increased due to the increase in sales to the Government institutions and increase in sales from new product line -Steam Inhaler

7. Net finance income

Finance income

Exchange gain
Interest on TB Repos

Finance expense

Interest expense
Bank charges
Exchange Loss (Note 7.1)

Net finance income

-	88,055
678,496	55,319
<u>678,496</u>	<u>143,374</u>
(2,018)	(368)
(129,747)	(33,958)
(3,687,609)	-
<u>(3,819,374)</u>	<u>(34,326)</u>
<u>(3,140,878)</u>	<u>109,048</u>



7.1 Sri Lankan Rupee (LKR) significantly depreciated against US Dollar (USD) from Rs. 199/- per USD as at 1 April 2021 to Rs. 299/- per USD as at 31 March 2022 as a result of foreign exchange crisis in Sri Lanka, which in turn has resulted in significant exchange losses during this year .

8. Income tax expense

Current tax (Note 8.1)
Over provision in relation to prior years
Deferred Tax Expense/Income (Note 10)

Deferred Tax Expense

Origination of deferred tax asset

8.1 Reconciliation of the accounting profit and the income tax expense

Profit before taxation	12,745,476	4,565,219
Disallowable expenses	5,884,712	3,581,033
Allowable expenses	(410,676)	(82,656)
Taxable income	<u>18,219,512</u>	<u>8,063,596</u>
Current tax at 24% (Note 8.2)	4,372,683	1,935,263
Total current tax expense for the year	<u>4,372,683</u>	<u>1,935,263</u>

For the year ended 31 March 2022

8. Income tax expense (Continued)

8.2 As provided for in Section 29 of Sri Lanka Accounting Standard for SMEs - Income taxes, current tax liabilities (assets) for the current period and prior periods shall be measured at the amount expected to be paid to (recovered from) tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Further, deferred tax assets and liabilities should be measured at the tax rate that are expected to be applied in the period in which the asset will be realised or the liability will be settled, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

As instructed by the Ministry of Finance on January 31, 2020, a change to the Income Tax Rates applicable to the Company from 28% to 24% was proposed, pending formal amendments being made to the Act and to be implemented, with effect from 01 January 2020. The Bill to amend the Inland Revenue Act No. 24 of 2017 was gazetted and issued on 18 March 2021. The Bill was presented at the Parliament for first reading and approved on 26 March 2021. The Inland Revenue (Amendment) Act No.10 of 2021 was passed in the Parliament and certified by the Speaker on 13 May 2021. Accordingly, the new tax rate has been considered to be substantively enacted for the computation of Current Tax and Deferred Tax from the year ended 31 March 2021.

9. Basic earnings per share

Calculation of basic earning per share is based on the net profit attributable to Ordinary Shareholders divided by the weighted average number of ordinary shares outstanding as at the reporting date.

For the year ended 31 March,

Profit for the year (Rs.)	
Weighted average number of ordinary shares	
Basic earnings per share (Rs.)	

2022	2021
9,254,073	2,838,489
100	100
<u>92,541</u>	<u>28,385</u>

10. Deferred Taxation

Deferred tax asset (Note 10.1)

2022	2021
881,280	-
<u>881,280</u>	<u>-</u>

10.1 Deferred Tax Asset

Balance as at the beginning of the year

-

Amount reversed during the year to profit or loss

Amount originated during the year

881,280

Total amount reversed during the year to profit or loss

881,280

Balance as at the end of Year

881,280

10.2 Deferred tax assets are attributable to the following;

As at 31 March,

	2022		2021	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Deferred Tax Assets				
Tax Credit on unrealised exchange losses	(3,672,000)	(881,280)	-	-
	<u>(3,672,000)</u>	<u>(881,280)</u>	<u>-</u>	<u>-</u>
Deferred tax Asset		<u>(881,280)</u>		<u>-</u>
Applicable tax rate (Note 8.2 and 10.3)		24%		



NILKAMAL ESWARAN MARKETING (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

10. Deferred Taxation (Continued)

10.3 Change in tax rate

As provided for in Section 29 of Sri Lanka Accounting Standard for SMEs, deferred tax assets and liabilities should be measured at the tax rate that are expected to be applied in the period in which the asset will be realised or the liability will be settled, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

As instructed by the Ministry of Finance on January 31, 2020, a change to the Income Tax Rates applicable to the Group has been proposed, pending formal amendments being made to the Act and to be implemented with effect from January 01, 2020. The Bill to amend the Inland Revenue Act No. 24 of 2017 was gazetted and issued on 18 March 2021. The Bill was presented at the Parliament for first reading and approved on 26th March 2021. The Inland Revenue (Amendment) Act No.10 of 2021 was passed in the Parliament and certified by the Speaker on 13 May 2021. Accordingly, the new tax rates have been considered to be substantially enacted as at reporting date for the computation of Current and Deferred tax in these financial statements from the year ended 31 March 2021.

The Company applied the new tax rate of 24% for the measurement of deferred tax assets as at 31 March 2022, which is applicable to the main business activity of the Company, since the temporary differences will be reversed against the taxable profits from the manufacturing business in future.

As at 31 March,

11. Inventories

Finished goods - Furniture
- Crates
Local Outsourcing Products

Less : Provision for slow moving inventories (Note 11.1)



2022 Rs.	2021 Rs.
4,132,388	2,452,249
42,558,491	41,468,545
233,998	943,352
46,924,877	44,864,146
(21,372,668)	(18,998,527)
25,552,209	25,865,619

11.1. Movement in Provision for Slow Moving Inventories

Balance as at the beginning of the year
Provision for the year
Balance as at the end of the year

18,998,527	15,400,846
2,374,141	3,597,681
21,372,668	18,998,527

11.2 The Company has mortgaged its stocks, with assignment over Trade Debtors, to obtain banking facilities as follows;

Name of the Bank	Facility	Security Value
Commercial Bank of Ceylon PLC	Fund based and non-fund based short term facilities	35,000,000

12. Trade and other receivables

Financial

Trade receivables (Note 12.1)
Refundable Deposits

1,035,179	990,124
27,273	17,273
1,062,452	1,007,397

Non-Financial

Prepayments
VAT receivables

41,908	39,013
8,632,913	8,171,019
8,674,821	8,210,032
9,737,273	9,217,429

Trade and Other Receivables

12.1. Trade Receivables

Trade receivables - Related Parties (Note 12.1.2)
Trade receivables - others
Provision for impairment of trade receivables (Note 12.1.1)

610,400	232,278
447,333	1,352,500
(22,554)	(594,654)
1,035,179	990,124

12.1.1. Provision for Impairment of Trade Receivables

Balance as at the beginning of the year
Reversal during the year
Write-off during the year
Balance as at the end of the year

594,654	693,959
(161,430)	(16,648)
(410,671)	(82,657)
22,554	594,654

NILKAMAL ESWARAN MARKETING (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,

	2022	2021
	Rs.	Rs.
12. Trade and other receivables (Continued)		
12.1.2.Trade Receivables-Related Parties		
Eswaran Brother Export (Pvt) Ltd	21,800	41,157
Eswaran Brother Export (Pvt) Ltd - Trading	-	22,209
Eswaran Brothers Export (Pvt) Ltd- Crate	-	168,912
Good Value Eswaran (Pvt) Ltd	588,600	-
	<u>610,400</u>	<u>232,278</u>
13. Cash and cash equivalents		
Cash in hand	10,000	10,000
Cash at bank	1,003,325	939,503
Bank overdraft	-	-
Investment on Treasury Bills purchased under resale agreements (Repos)	27,035,556	6,000,000
Cash & cash equivalents as per the statement of cash flows	<u>28,048,881</u>	<u>6,949,503</u>
14. Stated capital		
Issued and fully paid		
100 ordinary shares	<u>1,000</u>	<u>1,000</u>
15. Trade and other payables		
Financial		
Trade payables - (Note 15.1)	11,475,939	-
	<u>11,475,939</u>	<u>-</u>
Non-Financial		
Other payables	99,903	600
Advances from customers	48,928	206,437
Accrued expenses (Note 15.3)	433,306	550,237
	<u>582,137</u>	<u>757,274</u>
Trade and other payables	<u>12,058,076</u>	<u>757,274</u>
15.1.Trade payables		
Trade payables - Nilkamal Limited - India ("the Ultimate Parent")	11,436,719	-
Trade payables - Other	39,220	-
	<u>11,475,939</u>	<u>-</u>
15.1.1 Payments for imports have been delayed due to the foreign exchange crisis in Sri Lanka.		
15.3 Accrued expense		
Provision for Audit Fee	335,000	335,860
Provision for Sales Incentive Institutional	98,306	214,377
	<u>433,306</u>	<u>550,237</u>
16. Related party payables		
Good Value Eswaran (Pvt) Ltd	-	7,252
	<u>-</u>	<u>7,252</u>
17. Current taxation		
Balance as at the beginning of the year	768,718	2,257,733
Over provision in relation to prior years	-	(208,533)
Provision for current year (Note 8.1)	4,372,683	1,935,263
Payment made during the year	(2,733,214)	(3,215,745)
Balance as at the end of the year	<u>2,408,187</u>	<u>768,718</u>
18. Related party disclosures		

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties as per the section 33 of Sri Lanka Accounting Standards for SME - 'Related Party Disclosures', the details of which are reported below:



NILKAMAL ESWARAN MARKETING (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

18. Related party disclosures (Cont.)

18.1 Parent and Ultimate Parent Party

The Company's parent entity is Nilkamal Eswaran Plastics (Pvt) Ltd. In the opinion of Directors, the ultimate parent party is Nilkamal Limited which is incorporated in India.

18.2 Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard for SMEs, Key Management Personnel are those having authority and responsibility for planning, directing, and controlling the activities of the entity. Accordingly, the Directors of the Company, Directors of the Immediate Parent Entity Nilkamal Eswaran Plastics (Pvt) Ltd, the Directors of the Ultimate Parent Entity Nilkamal Limited and other members of the management team who hold significant authority and responsibility for planning, directing and controlling the entity's activities have been classified as KMP of the Company.

Compensation paid to Key Management Personnel	2022	2021
	Rs.	Rs.
Short Term Benefits	Nil	Nil
Post Employee Benefits	Nil	Nil

18.3 Related party disclosures

18.3. Transactions with Related Entities

Name of the Related Party	Relationship	Nature of the Transaction	Transaction Amount 2021/22 Rs.	Transaction Amount 2020/21 Rs.
Nilkamal Limited - India	Ultimate	Purchase of goods from Nilkamal Limited	28,952,799	Nil
Nilkamal Eswaran Plastics (Pvt) Ltd	Immediate Parent	Net fund transfers to/(from) Plastics	31,866,778	(14,198,500)
		Dues the Company settled to NEPPL	(36,410,082)	(13,046,048)
		Dues the NEPPL settled to the Company	4,543,304	9,136,967
Good Value Eswaran (Pvt) Ltd		Purchases	1,370,494	323,275
		Settlements	(774,647)	(376,033)
Good Value Eswaran (Pvt) Ltd - Carte	Companies significantly influenced by	Purchases	8,431	-
		Settlements	(8,431)	-
Eswaran Brothers Export Pvt Ltd	KMP and their close	Purchases	595,854	242,778
		Settlements	(615,211)	(19,716)
Eswaran Brothers Export Pvt Ltd-Trading	family members	Purchases	34,759	22,209
		Settlements	(56,968)	(125,059)
Eswaran Brothers Export Pvt Ltd-Crate		Purchases	152,366	-
		Settlements	(321,278)	-

Amounts receivable from and due to related entities as at 31 March 2022 are disclosed in the Note 12 and 16 respectively. Trade receivables and payables to related entities are disclosed in Note 11 and Note 15 respectively.

Nilkamal Eswaran Plastics (Pvt) Ltd has provided a Corporate Guarantee for Rs.16,000,000/- dated 21 November 2012 for banking facilities made available to the Company by Commercial Bank of Ceylon PLC.

19. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

1. Credit risk
2. Liquidity risk
3. Market risk
4. Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout this financial statement.



NILKAMAL ESWARAN MARKETING (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

19. Financial risk management (Cont.)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

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 develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

19.1. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, related parties, short term investments and cash and cash equivalents.

The Company trades with own distributors with bank guarantee and trades maximum up to the guarantee value. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Cash and cash equivalents are held with banks which have good ratings based on Fitch ratings.

19.1.1 Credit risk exposure and managing the risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

As at 31 March,

Trade and other receivables
 Related party receivables
 Cash & cash equivalents



2022 Rs.	2021 Rs.
1,062,452	1,007,397
-	-
28,048,881	6,949,503
29,111,333	7,956,900

19.2 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 always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Maturity Analysis

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Within 1 Year Rs.	Between 1-2 Years Rs.	More than 2 Years Rs.	Total Rs.
<i>As at 31 March 2022</i>				
Trade payables	11,475,939	-	-	11,475,939
Related party payables	-	-	-	-
	11,475,939	-	-	11,475,939
<i>As at 31 March 2021</i>				
Related party payables	7,252	-	-	7,252
	7,252	-	-	7,252

19.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

For the year ended 31 March 2022

19. Financial risk management (Cont.)

19.3 Market Risk (Cont)

19.3.1 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk arising mainly from foreign currency denominated in a currency other than the respective functional currencies of Company. The currencies in which these transactions primarily are denominated in USD.

The Company's exposure to foreign currency risk is as follows;

	<i>As at 31 March 2022</i>		<i>As at 31 March 2021</i>	
	USD	Converted to Rs.	USD	Converted to Rs.
Trade payables - Nilkamal Limited	38,250	11,436,750	-	-
	38,250	11,436,750	-	-

In respect of monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

19.3.2 Interest Rate Risk

Interest rate risk is the risk to the Company's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

Management of Interest Rate Risk

The Company's investment decisions in interest bearing assets are controlled by the higher level authorities appointed by the Board of Directors and they are advised and guided only to invest in secured and regulated investment sources.

19.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance when this is effective.
- Compliance with regulatory and other legal requirements.



20. Fair values of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

<i>As at 31 March,</i>	2022		2021	
	Carrying amount Rs.	Fair value Rs.	Carrying amount Rs.	Fair value Rs.
Financial assets at amortised cost				
Trade and other receivables	1,062,452	1,062,452	1,007,397	1,007,397
Related party receivables	-	-	-	-
Cash and cash equivalents	28,048,881	28,048,881	6,949,503	6,949,503
	29,111,333	29,111,333	7,956,900	7,956,900

NILKAMAL ESWARAN MARKETING (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
20. Fair values of financial instruments (Cont.)				
Financial liabilities at amortised cost				
Trade payables	11,475,939	11,475,939	-	-
Related party payables	-	-	7,252	7,252
	<u>11,475,939</u>	<u>11,475,939</u>	<u>7,252</u>	<u>7,252</u>

The methods and assumptions used to estimate the fair values of the financial instruments are as follows:

- a) Cash and cash equivalents – The carrying amount of cash and cash equivalents approximate its fair value due to the relatively short maturity of the financial instruments.
- b) Trade and other receivables, Related party receivables, Trade payables, Related party payables and Bank overdraft - The carrying amount of these financial assets and liabilities approximate its fair value due to the relatively short maturity of the financial instruments.

21. Capital Commitments and Contingent Liabilities

There were no contract for capital expenditure of material amounts approved or contracted for as at the reporting date. There have been no material Contingent Liabilities outstanding as at the reporting date.

21.1. Litigation and claim

There were no pending litigation or claims as at the reporting date.

22. Comparative figures

Where necessary, comparative figures have been rearranged to conform with the current year's presentation.

23. Events Occurring after the Reporting date

There were no material events occurring after the reporting date as at 31 March 2022 that require adjustments to or disclosure in the Financial Statements. Except for the followings,

(a) The Surcharge Tax Act, No. 14 of 2022 (Act) was certified by the Speaker and published as a Supplement to Part II of the Gazette of the Democratic Socialist Republic of Sri Lanka on 08 April 2022. Accordingly, Surcharge Tax is payable by any company subject to the taxable income threshold specified in the Act. The chargeability threshold set for a company is Taxable income exceeding Rs.2Bn for Year of Assessment (Y/A) commencing from 1 April 2020. As a Company or group company (of Nilkaml Plastics Ltd group) Nilkaml Eswaran Marketing (Pvt) Ltd does not meet the said threshold in the Y/A 2020/21, there will be no adjustments required to be made by the Company in the financial statements for the year ending 31 March 2023.

24. Board of Director's responsibility for financial reporting

The Board of Directors is responsible for the preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards for small and medium-sized entities laid down by the Institute of Chartered Accountants of Sri Lanka and the Companies Act No. 7 of 2007.



NILKAMAL ESWARAN MARKETING (PVT) LTD
DETAILED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March,

	2022 Rs.	2021 Rs.
Revenue	52,220,378	41,924,486
Cost of sales	(34,524,720)	(36,562,591)
Gross profit	17,695,658	5,361,895
Administrative expenses	(970,969)	(787,399)
Distribution expenses	(838,335)	(118,325)
Profit from operations	15,886,354	4,456,171



NILKAMAL ESWARAN MARKETING (PVT) LTD
DETAILED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March,

	2022	2021
	Rs.	Rs.
<u>COST OF SALES</u>		
Purchases - Furniture	12,759,371	-
Purchase Sofa Import	-	-
Purchase - Crates & Bins	20,425,877	15,119,947
Purchase - Local Furniture	1,052,150	570,150
Purchases - Cambro Products	-	-
Purchases - Cambro Products - China	-	-
Increase of Inventory	(2,060,732)	17,207,043
Provision for Slow Moving Stocks (Expense)	2,374,141	3,597,681
	<u>34,524,720</u>	<u>36,562,591</u>
<u>ADMINISTRATIVE EXPENSES</u>		
Legal & Consultance Fees	328,860	-
Audit fees	361,532	576,894
Container washing & cleaning charges	-	6,002
Insurance charges	80,893	84,581
Licence fees	-	-
NBT on Revenue A/C	-	-
Postage, Stamp & Courier	-	-
Secretarial fees	197,034	116,322
Stamp duty	2,650	3,600
Miscellaneous Expenses	-	-
	<u>970,969</u>	<u>787,399</u>
<u>DISTRIBUTION EXPENSES</u>		
Settlement discounts	-	-
Field Sales expenses - crate	-	-
Promotion & events	236,150	-
Transport charges-crate	-	64,524
VAT on free issues & sample issues	-	-
Distributor sales incentives	198,001	23,754
Tender expenses	-	(850)
Written off unclaimed VAT 15%	-	10,053
Bad debts	-	(16,648)
Bad Debts Account - Crate	-	-
Bad Debts Account - Furniture	(161,430)	-
Settlement discounts (2 to 30 Days)-1.5%	-	998
Settlement discounts (Immediately)-2.5%	197,597	18,428
Sales Incentives - Cambro	-	-
Sales Incentives Crate - Institutional	-	3,412
Bad Debts Account	-	-
Travelling Expenses - Crate	-	-
Sales Incentives-Institutional	60,768	2,128
Transport Charges-Furniture	8,744	-
Settlement Discounts (Immediately)-3.5%	2,943	12,527
Settlement Discounts (16 to 30 Days)-1%	1,766	-
Online Sales Commission	2,659	-
	<u>838,335</u>	<u>118,325</u>



NILKAMAL ESWARAN PLASTICS (PVT) LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NILKAMAL ESWARAN PLASTICS (PVT) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nilkamal Eswaran Plastics (Pvt) Ltd ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-Sized Entities.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. These financial statements do not comprise other information.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standard for Small and Medium-Sized Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA	C.P. Jayatilake FCA	T.J.S. Rajakarier FCA
W.J.C. Perera FCA	Ms. S. Joseph FCA	Ms. S.M.B. Jayasekara FCA
W.K.D.C. Abeyrathne FCA	S.T.D.L. Perera FCA	G.A.U. Karunaratne FCA
R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA	R.H. Rajan FCA
M.N.M. Shameel FCA	Ms. C.T.K.N. Perera ACA	A.M.R.P. Alahakoon ACA
Ms. P.M.K. Sumanasekara FCA		
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W.A.A. Weerasekara CFA, ACMA, MRICS		



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditors' responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: <http://slaasc.com/auditing/auditorsresponsibility.php>. This description forms part of our auditors' report.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

13 May 2022

NILKAMAL ESWARAN PLASTICS (PVT) LTD
STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

<i>For the year ended 31st March,</i>	Notes	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue	5	1,522,095,675	1,025,116,631	1,469,875,297	983,192,145
Cost of sales		(1,091,523,895)	(705,537,439)	(1,056,999,175)	(668,974,848)
Gross Profit		430,571,780	319,579,192	412,876,122	314,217,297
Other income	6	3,297,147	4,341,671	3,297,147	4,341,671
Administrative expenses		(74,334,975)	(84,422,181)	(73,364,012)	(83,634,783)
Distribution expenses		(162,618,794)	(129,938,199)	(161,780,459)	(129,819,874)
Profit from Operations	7	196,915,158	109,560,483	181,028,798	105,104,311
Net finance income/ (expense)	8	(76,110,757)	11,761,187	(72,969,879)	11,652,139
Profit Before Taxation		120,804,401	121,321,670	108,058,919	116,756,450
Income tax expense	9	(16,433,065)	(7,276,263)	(20,706,368)	(5,549,533)
Profit for the Year		104,371,336	114,045,407	87,352,551	111,206,917
Other Comprehensive Income for the Year		-	-	-	-
Total Comprehensive Income for the Year		104,371,336	114,045,407	87,352,551	111,206,917
Basic Earnings per Share (Rs.)	10	66.11	72.24	55.33	70.44

Figures in brackets indicate deductions.

The notes to the Financial Statements form an integral part of these Financial Statements.

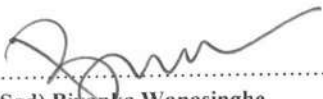


NILKAMAL ESWARAN PLASTICS (PVT) LTD
STATEMENT OF FINANCIAL POSITION

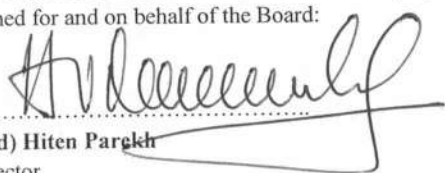
As at 31 March,	Notes	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	209,838,239	234,248,401	209,838,239	234,248,401
Intangible assets	12	396,321	779,073	396,321	779,073
Investment in subsidiary	13	-	-	1,000	1,000
Total Non-Current Assets		210,234,560	235,027,474	210,235,560	235,028,474
Current Assets					
Inventories	14	213,771,818	282,853,463	188,219,608	256,987,843
Trade and other receivables	15	206,127,918	158,790,457	196,390,645	149,728,308
Related party receivables	16	-	1,112,193	-	1,112,193
Cash and cash equivalents	17	581,825,514	342,150,574	553,776,632	335,201,071
Total Current Assets		1,001,725,250	784,906,687	938,386,885	743,029,415
Total Assets		1,211,959,810	1,019,934,161	1,148,622,445	978,057,889
EQUITY & LIABILITIES					
Equity					
Stated capital	18	20,000,000	20,000,000	20,000,000	20,000,000
Retained earnings		722,404,930	698,033,594	664,887,840	657,535,289
Total Equity		742,404,930	718,033,594	684,887,840	677,535,289
Non-Current Liabilities					
Deferred taxation	19	3,995,179	21,886,438	4,876,459	21,886,438
Employee benefits	20	40,086,003	43,170,905	40,086,003	43,170,905
Total Non Current Liabilities		44,081,182	65,057,343	44,962,462	65,057,343
Current Liabilities					
Trade and other payables	21	347,959,396	220,710,791	335,901,322	220,101,542
Related party payables	22	66,800,416	2,464,923	66,800,416	2,464,923
Current taxation	23	10,713,886	13,667,510	16,070,405	12,898,792
Total Current Liabilities		425,473,698	236,843,224	418,772,143	235,465,257
Total Liabilities		469,554,880	301,900,567	463,734,605	300,522,600
Total Equity and Liabilities		1,211,959,810	1,019,934,161	1,148,622,445	978,057,889

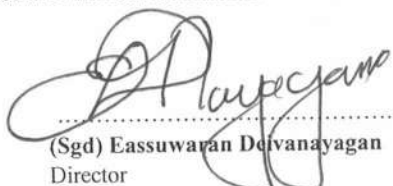
The notes to the Financial Statements form an integral part of these Financial Statements.

These Financial Statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.


 (Sgd) Biyanka Wanasinghe
 Deputy General Manager - Finance

The Board of Directors are responsible for the preparation and presentation of the Financial Statements.
 Signed for and on behalf of the Board:


 (Sgd) Hiten Parekh
 Director


 (Sgd) Eassuwaran Deivanayagan
 Director

13 May 2022
 Colombo



NILKAMAL ESWARAN PLASTICS (PVT) LTD
STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

Group	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2020	20,000,000	583,988,187	603,988,187
Total Comprehensive Income for the Year			
Profit for the year	-	114,045,407	114,045,407
Other comprehensive income for the year	-	-	-
Total Comprehensive Income for the Year	<u>-</u>	<u>114,045,407</u>	<u>114,045,407</u>
Balance as at 31 March 2021	<u>20,000,000</u>	<u>698,033,594</u>	<u>718,033,594</u>
Balance as at 1 April 2021	20,000,000	698,033,594	718,033,594
Total Comprehensive Income for the Year			
Profit for the year	-	104,371,336	104,371,336
Other comprehensive income for the year	-	-	-
Total Comprehensive Income for the Year	<u>-</u>	<u>104,371,336</u>	<u>104,371,336</u>
Transactions with Owners, Recorded Directly in Equity			
Final dividend for 2020/2021	-	(20,000,000)	(20,000,000)
Interim dividend for 2021/22 (Note 22.1)	-	(60,000,000)	(60,000,000)
Total Transactions with Owners, Recorded Directly in Equity			
Balance as at 31 March 2022	<u>20,000,000</u>	<u>722,404,930</u>	<u>742,404,930</u>
Company	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2020	20,000,000	546,328,372	566,328,372
Total Comprehensive Income for the Year			
Profit for the year	-	111,206,917	111,206,917
Other comprehensive income for the year	-	-	-
Total Comprehensive Income for the Year	<u>-</u>	<u>111,206,917</u>	<u>111,206,917</u>
Balance as at 31 March 2021	<u>20,000,000</u>	<u>657,535,289</u>	<u>677,535,289</u>
Balance as at 1 April 2021	20,000,000	657,535,289	677,535,289
Total Comprehensive Income for the Year			
Profit for the year	-	87,352,551	87,352,551
Other comprehensive income for the year	-	-	-
Total Comprehensive Income for the Year	<u>-</u>	<u>87,352,551</u>	<u>87,352,551</u>
Transactions with Owners, Recorded Directly in Equity			
Final dividend for 2020/2021	-	(20,000,000)	(20,000,000)
Interim dividend for 2021/2022 (Note 22.1)	-	(60,000,000)	(60,000,000)
Total Transactions with Owners, Recorded Directly in Equity			
Balance as at 31 March 2022	<u>20,000,000</u>	<u>664,887,840</u>	<u>684,887,840</u>

Figures in brackets indicate deductions.

The notes to the Financial Statements form an integral part of these Financial Statements.



NILKAMAL ESWARAN PLASTICS (PVT) LTD
STATEMENT OF CASH FLOWS

	Group		Company	
<i>For the year ended 31 March,</i>	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cash Flows from Operating Activities				
Profit Before Taxation	120,804,401	121,321,670	108,058,919	116,756,450
<i>Adjustment for :</i>				
Depreciation on property, plant & equipment	50,524,928	55,620,222	50,524,928	55,620,222
Amortisation of intangible assets	740,182	2,015,435	740,182	2,015,435
(Reversal)/Provision for gratuity	(2,635,559)	10,811,053	(2,635,559)	10,811,053
Charge/ (Reversal) of provision for inventories	3,933,433	838,840	1,559,292	(2,758,840)
Provision/(reversal) for impairment of trade receivables	156,546	(95,216)	317,976	(78,568)
Gain on disposal of property, plant & equipment	(57,326)	(2,876,130)	(57,326)	(2,876,130)
Interest income	(16,257,187)	(10,094,800)	(15,578,691)	(10,039,481)
Unrealised Exchange loss from trade payable (Note 8.1)	79,137,247	-	75,465,247	-
Other interest expenses	132,286	110,264	130,268	109,896
	236,478,951	177,651,338	218,525,236	169,560,037
Decrease/(increase) in inventories	65,148,212	(80,589,258)	67,208,943	(97,796,300)
(Increase)/decrease in trade and other receivables	(47,494,007)	38,623,604	(46,980,313)	24,486,502
Decrease in related party receivables	1,112,193	1,383,419	1,112,193	19,445,488
Increase in trade and other payables	48,111,358	135,328,998	40,334,533	147,598,564
Increase in related party payables	4,335,493	711,195	4,335,493	711,195
Cash Generated from Operations	307,692,200	273,109,296	284,536,085	264,005,486
Employee benefit paid	(449,343)	(1,128,378)	(449,343)	(1,128,378)
Interest paid	(132,286)	(110,264)	(130,268)	(109,896)
Current tax paid	(37,277,948)	(22,450,524)	(34,544,734)	(19,234,779)
Net Cash Generated from Operating Activities	269,832,623	249,420,130	249,411,740	243,532,433
Cash Flows from Investing Activities				
Acquisition of property, plant and equipment	(26,900,650)	(5,160,573)	(26,900,650)	(5,160,573)
Acquisition of intangible assets	(357,430)	(40,500)	(357,430)	(40,500)
Proceeds from sale of property, plant and equipment	843,210	4,218,872	843,210	4,218,872
Interest received	16,257,187	10,094,800	15,578,691	10,039,481
Net Cash from/ (used in) Investing Activities	(10,157,683)	9,112,599	(10,836,179)	9,057,280
Cash Flows from Financing Activities				
Dividend paid	(20,000,000)	(35,000,000)	(20,000,000)	(35,000,000)
Net Cash used in Financing Activities	(20,000,000)	(35,000,000)	(20,000,000)	(35,000,000)
Net increase in Cash & Cash Equivalents	239,674,940	223,532,729	218,575,561	217,589,713
Cash & cash equivalents at the beginning of the year	342,150,574	118,617,845	335,201,071	117,611,358
Cash & Cash Equivalents at the end of the year (Note 17)	581,825,514	342,150,574	553,776,632	335,201,071

The notes to the Financial Statements form an integral part of these Financial Statements.



NILKAMAL ESWARAN PLASTICS (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile and Legal Form

Nilkamal Eswaran Plastics (Private) Limited ('the Company') is a limited liability company incorporated in and domiciled in Sri Lanka. The registered office of the Company and the principal place of business is located at 328, Madapatha Road, Batakettera, Piliyandala.

The Consolidated Financial Statements of the Group as at and the year ended 31 March 2022 comprise the Company and its subsidiary (together referred to as the "Group" and individually as "Group entities"). The Company has a fully owned subsidiary, Nilkamal Eswaran Marketing (Private) Limited.

1.2 Principal Activities and Nature of Operations

The principal activities of the Group were as follows;

Nilkamal Eswaran Plastics (Pvt) Ltd	Manufacturing of injection molded plastic articles and sofa
Nilkamal Eswaran Marketing (Pvt) Ltd	Importing and selling of all kinds of plastic articles

1.3 Parent Entity and Ultimate Parent Entity

The Group's parent entity and ultimate parent entity is Nilkamal Limited, which is incorporated in India.

1.4 Number of Employees

The number of employees of the Group and Company as at 31 March 2022 are as follow:

Group	133 (2021- 113)
Company	133 (2021- 113)

The subsidiary Nilkamal Eswaran Marketing (Pvt) Limited did not have any employees as at 31 March 2022.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Company, which comprise the Statement of Financial Position, Statement of Profit or Loss and Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with accounting policies and notes to the Financial Statements of the Company and Group as at 31 March 2022 and for the year then ended have been prepared in accordance with Sri Lanka Accounting Standard for Small and Medium Sized – Entities (SLFRS for SMEs), issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and comply with the requirements of Companies Act, No. 7 of 2007 and amendments thereto.

2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements, except for the retirement benefit liability for employee benefits recognized based on the Gratuity Act, in the Statement of Financial Position.

These Consolidated Financial Statements have been prepared on the basis that the Group would continue as a going concern for the foreseeable future.



NILKAMAL ESWARAN PLASTICS (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS

2.3 Comparative Figures

Where necessary, comparative figures have been rearranged to conform with the current year's presentation

2.4 Functional and Presentation Currency

All values presented in the Financial Statements are in Sri Lankan Rupees (Rs.) unless otherwise indicated.

2.5 Use of Estimate and Judgment

The preparation of the Financial Statements in conformity with SLFRS for SMEs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

- Impairment of financial assets (Note 3.9.4)
- Impairment of Non-financial assets (Note 3.10)
- Current taxation (Note 3.3.a)
- Deferred taxation and utilization of tax losses (Note 3.3.b)
- Measurement of Employee benefits (Note 3.11)
- Provisions and contingencies (Note 3.13 and Note 3.14)



2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.7 Assessment of Implications of COVID-19 Pandemic and Economic Crisis in Sri Lanka

On 11 March 2020 the World Health Organisation (WHO) declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe with over 200 countries affected. Businesses have been negatively impacted due to the overall negative economic conditions followed by the second and third waves of the pandemic.

In light of the COVID-19 outbreak, the Group has been taking various precautionary measures to protect employees, customers and the eco system in which they interact, while at the same time ensuring business continuity. As a step in this direction and, the Group enabled most of its office staff to continue work from home and report to the offices on a roster arrangement. Further, the Group was able to continue its ordinary operations with safety and security measures despite of several quarantine curfews imposed by the Government of Sri Lanka after the third wave of Covid-19 during the year ended 31 March 2022.

Sri Lanka has been facing foreign exchange crisis due to the adverse economic impacts of the Covid-19 pandemic and it has grown from acute to severely acute during the financial year ended 31 March 2021. Accordingly, the Government of Sri Lanka is taking various measures to control the outflow of foreign exchange reserves of the Country including restrictions on several imports and outward remittances. Despite the Government's measures to control foreign exchange outflows, continual deterioration of foreign reserves is putting pressure on exchange rate to depreciate in the market. On 7 March 2022, the Central Bank of Sri Lanka (CBSL), set an exchange rate limit of Rs.230/- per US dollar compared to a limit of LKR 200-203 that was controlled by CBSL since October 2021. The Sri Lankan Rupee (LKR) has depreciated by Rs. 96 against USD in a duration of three weeks, bringing the exchange rate to Rs. 299/- per USD as at 31 March 2022. LKR has further depreciated against USD subsequent to the reporting date, bringing the exchange rate to Rs.365/- per USD as at 13 May 2022. A severe shortage of foreign currency has left the Government of Sri Lanka unable

NILKAMAL ESWARAN PLASTICS (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS

Accounting for investment in subsidiaries

When separate Financial Statements are prepared, investments in subsidiaries are accounted for using the cost method. Investments in subsidiaries are stated in the Company's Statement of Financial Position at cost less accumulated impairment losses.

3.2. Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.3. Income Tax Expense

Income tax expenses comprise of current & deferred tax expenses recognized in the Statement of Profit or Loss and Other Comprehensive Income.

(a) Current Taxation

The Group's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent gazette notifications.

(b) Deferred Taxation

Deferred tax is recognised in respect of all temporary differences as at the reporting date between the tax bases of assets and liabilities and their respective carrying amounts for financial reporting purposes. The balance in the deferred taxation account represents income tax applicable to the difference between the written down values for tax purpose of the assets on which tax depreciation has been claimed and the net book value of such asset, offset by the provision for employee benefit which is deductible for tax purpose only on payment.

Deferred tax assets, including those related to temporary tax effect of income tax losses and credits available to be carried forward are recognized only to the extent that it is probable that future taxable profit will be available against which the assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.4. Events occurring after the reporting date

The materiality of the events occurring after the reporting date have been considered and appropriate adjustments to or disclosure have been made in the Financial Statements where necessary.

ASSETS AND BASES OF THEIR VALUATION

3.5. Property, Plant and Equipment

a) Cost and Valuation

Property, plant & equipment are carried at cost less accumulated depreciation, less accumulated impairment losses if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which



NILKAMAL ESWARAN PLASTICS (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS

they are located. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Items of property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or losses rising on de-recognition of the asset is included in profit or loss in the year the asset is derecognized.

b) Subsequent Cost

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul costs, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognized in the Statement of Profit or Loss and Other Comprehensive Income as an expense as incurred.

c) Depreciation

The provision for depreciation is calculated by using straight line method on all property, plant and equipment in order to write off such amounts over the following estimated useful economic lives by equal installments.

Buildings on Freehold Land	20 years
Plant and Machinery	9.67 years
Moulds	6.17 years
Office Equipment	5 years
Computer Equipment and Software	5 years
Furniture and Fittings	10 years
Motor Vehicles	5 years

Freehold land is not depreciated.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

d) Impairment of Property Plant and Equipment

The carrying value of property plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognized in the Statement of Profit or Loss and Other Comprehensive Income unless it reverses a previous revaluation surplus for the same asset.

3.6. Intangible Assets

All computer software costs incurred, licensed for use by the Group, which are not integrally related to associate hardware, and can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits are included in the Statement of Financial Position under the category Intangible Assets and carried at cost less accumulated amortization and accumulated impairment losses if any.

a) Subsequent Expenditure

Expenditure incurred on intangible assets are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.



NILKAMAL ESWARAN PLASTICS (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS

b) Amortization

Intangible assets are amortized on a straight line basis over a period of 5 years except goodwill in the Statement of Profit or Loss and Other Comprehensive Income from the date when the asset is available for use, over the best estimate of its useful economic life.

3.7. Leased assets

Leased in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to property, plant and equipment.

Other leases are operating leases and are not recognized in the Group's Statement of Financial Position.

3.8. Inventories

Inventories are valued at lower of cost or net realizable value, after making due allowance for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realization and/or cost of conversion from their existing state to saleable condition.

Raw Materials	- At actual cost on first-in first-out (FIFO) basis
Finished Goods	- At the cost of direct materials, direct labor and an appropriate proportion of fixed production overheads based on normal operating capacity
Work in Progress	- based on the standard costing which included all direct expenditure and production overheads
Consumables and Spares	- At purchase cost on first-in first-out (FIFO) basis
Goods in Transit	- At purchase cost



3.9. Financial Assets

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

3.9.1. Initial recognition of financial assets and liabilities

Group shall recognise a financial asset or a financial liability only when the entity becomes a party to the contractual provisions of the instrument.

3.9.2. Initial measurement

When a financial asset or financial liability is recognised initially, Group measures it at the transaction price (including transaction costs) unless the arrangement constitutes, in effect, a financing transaction. A financing transaction may take place in connection with the sale of goods or services, for example, if payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. If the arrangement constitutes a financing transaction, the entity shall measure the financial asset or financial liability at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

3.9.3. Subsequent measurement

At the end of each reporting period, Group measures financial instruments as follows, without any deduction for transaction costs the entity may incur on sale or other disposal.

- Debt instruments shall be measured at amortised cost using the effective interest method. Cash and debt instruments that are classified as current assets or current liabilities shall be measured at the undiscounted



NILKAMAL ESWARAN PLASTICS (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS

amount of the cash or other consideration expected to be paid or received (i.e., net of impairment) unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the Group shall measure the debt instrument at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

- Investments in shares shall be measured at fair value with changes in fair value recognised in profit or loss. For shares traded in an active market the best evidence of fair value is the quoted price for those shares in that active market.

Trade and other receivables

Trade and other receivables and due from related parties are initially recognized at cost. Trade receivable and other receivables are stated at the amounts they are estimated to realize net of impairment for bad and doubtful receivables.

If receivables extend beyond the normal credit terms, those receivables are measured at amortized cost using the effective interest rate at the end of each reporting period.

Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

3.9.4. Impairment of financial assets measured at cost or amortised cost

At the end of each reporting period, an entity shall assess whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost. If there is objective evidence of impairment, the entity shall recognize an impairment loss in profit or loss immediately. Objective evidence that a financial asset or group of assets is impaired includes observable data that come to the attention of the entity about the loss events.

3.9.4.1. Measurement

The Group measure an impairment loss on financial assets measured at cost or amortised cost as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

3.9.5. Derecognition of a financial asset

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all risks and rewards of ownership and it does not retain control of the financial asset.

3.10. Impairment of Non-financial assets

The carrying amounts of the Group's non-financial assets such as deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped

NILKAMAL ESWARAN PLASTICS (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS

together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. Impairment losses are recognized in profit or loss.

LIABILITIES AND PROVISIONS

Liabilities classified as Current Liabilities on the Statement of Financial Position are those obligations payable on demand or within one year from the reporting date. Items classified as non-current liabilities are those obligations, which expire beyond a period of one year from the reporting date.

All known liabilities have been accounted for in preparing the Financial Statements. Provision and liabilities are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.11. Employee benefits

(a) Defined Contribution Plan - Employees' Provident Fund & Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into an approved Employees' Provident Fund and to the Employees' Trust Fund, and will have no legal or constructive obligation to pay further amounts. The Group contributes 12% and 3% of gross emoluments of employees as Provident Fund and Trust Fund contribution respectively.

(b) Defined Benefit Plans- Retirement Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with SLFRS for SMEs (Section 28- Employee Benefits). The liability recognised in the Financial Statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The computation of the provision is based only on Gratuity Act requirement. The Group measures the present value of retirement benefits of gratuity annually using an internally generated model based on formula. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded nor actuarially valued.

3.12. Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.



NILKAMAL ESWARAN PLASTICS (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Sri Lankan rupees using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income.

3.13. Provisions and liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for Warrantee Liability

The Company offers warranties on Sofa products on its own account and warranty is provided by giving a warranty period of 1 year from the date of sale for the fabric and 15 years from the date of sale for the frame. A provision for warranty is recognised when the underlying products are sold. The quantum of the provision is based on the historical experience. The said extended warranty provision will be reversed upon expiration of warranty period if unutilised as at that date.

The provision is included under other liabilities.

3.14. Contingencies and Capital Commitments

All material capital commitments and contingencies, which exist as at the reporting date, are disclosed in the respective notes to the Financial Statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

3.15. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and that revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes and after eliminating sales within the Group.

The following specific criteria are used for the purpose of recognition of revenue.

(a) Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer normally at the point of good dispatch; with the Group retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.



(b) Others

Other income is recognized on an accrual basis.

Net gains and losses of a revenue nature on the disposal of property, plant & equipment and other non-current assets including investments are accounted for in the Statement of Profit or Loss and Other Comprehensive Income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

3.16. Expenditure Recognition

(a) Operating Expenses

Expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on the basis of a direct association between the cost incurred and the earning specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Profit or Loss and Other Comprehensive Income.

(b) Finance income and expense

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

(c) Borrowing cost

All borrowing costs are recognised as an expense in the period in which they are incurred.

3.17. Related Party Transactions

Disclosures has been made in respect of the transactions in which one party has the liability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of a price being charged.

4. Statement of Cash Flows

The Statement of Cash Flows has been prepared using the Indirect Method.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

For the year ended 31 March,	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
5 Revenue				
Local sales	1,542,994,566	1,042,982,934	1,490,764,476	1,000,911,702
Export sales	4,083,209	2,154,480	4,083,209	2,154,480
	1,547,077,775	1,045,137,414	1,494,847,685	1,003,066,182
Trade discounts	(24,982,100)	(20,020,783)	(24,972,388)	(19,874,037)
	<u>1,522,095,675</u>	<u>1,025,116,631</u>	<u>1,469,875,297</u>	<u>983,192,145</u>

With the third wave of Covid-19 pandemic in May 2021, operations of the group was negatively impacted since the government of Sri Lanka imposed Quarantine curfew till 1 October 2021. However, as the Government allowed manufactures to continue operations during this lockdown in 2021, the impact to Revenue was comparatively low than the prior year. Further, the Group has increased its selling prices due to the increase in imported material costs as a result of adverse foreign exchange rates. Accordingly, Revenue of the Group has increased during the year ended 31 March 2022.

6 Other Income

Gain on disposal of property, plant and equipment	57,326	2,876,130	57,326	2,876,130
Interest on staff loan	157,722	207,520	157,722	207,520
Scrap sales (Note 6.1)	2,327,221	1,258,021	2,327,221	1,258,021
Write-back of refundable deposits (Note 6.2)	754,878	-	754,878	-
	<u>3,297,147</u>	<u>4,341,671</u>	<u>3,297,147</u>	<u>4,341,671</u>

6.1 This includes sales of scraps relating to Raw Material, Sofa and other inventories.

6.2 The Company has written-back refundable deposits from customers (2 non-active distributors) with the approval of the Board of Directors. These refundable deposits were obtained by the Company from distributors in 2008, however, these distributors have not operated with the Company for long time, thus the Company has decided to write-back the refundable deposits paid by the distributors during the year.

7 Profit from Operations

Profit from operating activities is stated after charging all expenses including the following,

Directors' emoluments	Nil	Nil	Nil	Nil
Audit fees and expenses				
- Audit and audit related services	1,255,000	1,078,000	1,020,000	855,000
- Non audit services	320,000	575,904	220,000	247,500
Depreciation on property, plant and equipment	50,524,928	55,620,222	50,524,928	55,620,222
Amortisation of intangible assets	740,182	2,015,435	740,182	2,015,435
(Reversal)/Provision for impairment of trade receivables (Note 15.1.2)	156,546	(95,216)	317,976	(78,568)
Charge/ (Reversal) of provision for inventories (Note 14.1)	3,933,433	838,840	1,559,292	(2,758,840)
Staff and related costs (Note 7.2)	150,815,533	141,921,455	150,815,533	141,921,455

7.1 With the increase in sales, the Company incurred more on advertising and distribution channels. Further, staff cost of sales and marketing team, discounts and sales incentives also increased in order to encourage sales workforce and distributors. This has resulted in increase of distribution expenses during the year.

7.2 Staff and related costs

- Salaries, wages & other related cost	137,161,798	116,359,650	137,161,798	116,359,650
- Defined contribution plans - EPF & ETF	16,289,294	14,750,752	16,289,294	14,750,752
- Defined benefit plan cost (Note 20.4)	(2,635,559)	10,811,053	(2,635,559)	10,811,053
	<u>150,815,533</u>	<u>141,921,455</u>	<u>150,815,533</u>	<u>141,921,455</u>



NILKAMAL ESWARAN PLASTICS (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS

<i>For the year ended 31 March,</i>	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
8 Net Finance Income/ (Expense)				
Finance Income				
Interest income from investments in securities purchased under resale agreements	13,077,519	4,092,763	12,399,023	4,037,444
Gain on translation of foreign currency	-	2,559,050	-	2,470,995
Interest income from Fixed Deposits	3,179,668	6,002,037	3,179,668	6,002,037
Total Finance Income	16,257,187	12,653,850	15,578,691	12,510,476
Finance Expense				
Interest on short term borrowings	88,286	22,264	86,268	21,896
Bank Charges	989,696	782,399	859,949	748,441
Interest on distributor cash deposits	44,000	88,000	44,000	88,000
Loss on translation of foreign currency (Note 8.1)	91,245,962	-	87,558,353	-
Total Finance Expense	92,367,944	892,663	88,548,570	858,337
Net Finance Income	(76,110,757)	11,761,187	(72,969,879)	11,652,139

8.1 Sri Lankan Rupee (LKR) significantly depreciated during the year against US Dollar (US \$), from Rs. 199/- per US \$ as at beginning of the financial year (i.e. 1 April 2021) to Rs. 299 per US \$ as at close of the financial year (i.e. 31 March 2022), as a result of foreign exchange crisis in Sri Lanka, which in turn has resulted in significant exchange losses for this year. Out of the Rs. 91 Mn exchange losses, Rs.75.4 Mn related to Unrealised exchange losses representing US \$ 832,689, which has been translated by applying the exchange rate of Rs. 299 LKR per (US \$) as at 31 March 2022.

9 Income Tax Expense

Current Tax Expense

Current tax for the year (Note 9.1)	33,977,432	30,147,098	37,369,455	28,211,835
(Over)/Under provision of current taxes in respect of prior years (Note 9.2)	346,892	383,965	346,892	592,498
	34,324,324	30,531,063	37,716,347	28,804,333

Deferred Tax Expense

Reversal of deferred tax assets (Note 19.1)	(13,909,742)	1,605,924	(13,028,462)	1,605,924
Origination/ (reversal) of deferred tax liabilities(Note 19.2)	(3,981,517)	(24,860,724)	(3,981,517)	(24,860,724)
	(17,891,259)	(23,254,800)	(17,009,979)	(23,254,800)

Total Income Tax expense	16,433,065	7,276,263	20,706,368	5,549,533
---------------------------------	-------------------	------------------	-------------------	------------------

9.1 Reconciliation of the Accounting Profit and Tax on Current Year

<i>For the year ended 31 March,</i>	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Profit before taxation	120,804,401	121,321,670	108,058,919	116,756,450
Other sources of income	(16,257,187)	(10,094,800)	(15,578,691)	(10,039,481)
Aggregate disallowable expenses	137,250,465	68,159,637	131,204,325	64,578,604
Aggregate allowable expenses	(37,117,492)	(27,941,203)	(36,706,816)	(27,858,547)
Profit from business	204,680,187	151,445,304	186,977,737	143,437,026
Non-business income-interest income	(16,257,187)	10,094,800	15,578,691	10,039,481
Taxable income	188,423,000	161,540,104	202,556,428	153,476,507
Manufacturing business - Tax at 18%	186,342,137	143,029,432	186,342,137	143,029,432
Trading business -Tax at 24%	17,702,450	8,008,278	-	-
Exports - Tax at 14%	635,600	407,594	635,600	407,594
Non-business income - interest income - Tax at 24%	(16,257,187)	10,094,800	15,578,691	10,039,481
Taxable income	188,423,000	161,540,104	202,556,428	153,476,507
Current tax at 14% (Note 9.2)	88,984	57,063	88,984	57,063
Current tax at 18% (Note 9.2)	33,541,585	25,745,298	33,541,585	25,745,298
Current tax at 24% (Note 9.2)	346,863	4,344,739	3,738,886	2,409,475
	33,977,432	30,147,098	37,369,455	28,211,835



For the year ended 31 March 2022

9 Income Tax Expense (Cont.)

9.2 Change in Tax Rates

As provided for in Section 29 of Sri Lanka Accounting Standard for SMEs, current tax liabilities (assets) for the current period and prior periods shall be measured at the amount expected to be paid to (recovered from) tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Further, deferred tax assets and liabilities should be measured at the tax rate that are expected to be applied in the period in which the asset will be realised or the liability will be settled, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

As instructed by the Ministry of Finance on January 31, 2020, a change to the Income Tax Rates applicable to the Group has been proposed, pending formal amendments being made to the Act and to be implemented with effect from January 01, 2020. The Bill to amend the Inland Revenue Act No. 24 of 2017 was gazetted and issued on 18 March 2021. The Bill was presented at the Parliament for first reading and approved on 26th March 2021. The Inland Revenue (Amendment) Act No.10 of 2021 was passed in Parliament and certified by the Speaker on 13 May 2021. Accordingly, the new tax rates have been considered to be substantively enacted for the computation of Current and Deferred tax in the financial statements from the year ended 31 March 2021.

For the year ended 31 March,

The applicable tax rates for the Group is as follows

Nilkamal Eswaran Plastics (Pvt) Ltd ("the Company")

Profits from manufacturing business (other than export) (Note 9.2.1)	18%	18%
Profits from exports	14%	14%
Other sources of income	24%	24%

Nilkamal Eswaran Marketing (Pvt) Ltd ("the Subsidiary")

Trading business	24%	28%
------------------	-----	-----

The Company applied the new tax rate of 18% for the measurement of deferred tax assets and liabilities as at 31 March 2022 (2021:18%), which is applicable to the main business activity of the Company, since the temporary differences will be reversed against the taxable profits from the manufacturing business in future. Deferred tax of the Subsidiary as at 31 March 2022 has been measured at 24% which is the applicable tax rate for Nilkamal Eswaran Marketing (Pvt) Ltd. There were no temporary differences of the Subsidiary as at 31 March 2021.

10 Basic Earnings per Share

The basic profit per ordinary share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares, in issue.

<i>For the year ended 31 March ,</i>	Group		Company	
	2022	2021	2022	2021
Profit after taxation attributable to ordinary shareholders (Rs.)	104,371,336	114,045,407	87,352,551	111,206,917
Weighted average number of ordinary shares	1,578,800	1,578,800	1,578,800	1,578,800
Earnings per Share (Rs.)	66.11	72.24	55.33	70.44



NILKAMAL ESWARAN PLASTICS (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

11. Property, Plant and Equipment

Group / Company	Freehold Land	Buildings	Plant and Machinery	Moulds	Office Equipment	Computer Equipment	Furniture and Fittings	Motor Vehicles	Road Development	Total 2022	Total 2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost											
As at 1 April 2021	26,370,476	234,697,234	266,812,708	389,292,908	6,067,689	9,918,137	5,424,076	38,219,816	680,763	977,483,807	981,379,787
Additions	-	-	2,981,587	21,778,394	917,869	1,222,800	-	-	-	26,900,650	5,160,573
Disposals	-	-	(1,060,244)	-	(380,972)	(303,507)	-	(1,152,010)	-	(2,896,733)	(9,056,553)
As at 31 March 2022	26,370,476	234,697,234	268,734,051	411,071,302	6,604,586	10,837,430	5,424,076	37,067,806	680,763	1,001,487,724	977,483,807
Accumulated Depreciation											
As at 1 April 2021	-	162,995,564	194,567,695	336,867,656	4,891,739	7,792,671	3,503,923	31,935,395	680,763	743,235,406	695,328,995
Charge for the year	-	6,703,691	13,085,479	25,121,973	718,590	729,170	316,249	3,849,776	-	50,524,928	55,620,222
Disposals	-	-	(751,920)	-	(345,526)	(302,532)	-	(710,871)	-	(2,110,849)	(7,713,811)
As at 31 March 2022	-	169,699,255	206,901,254	361,989,629	5,264,803	8,219,309	3,820,172	35,074,300	680,763	791,649,485	743,235,406
Carrying Value as at:											
31 March 2022	26,370,476	64,997,979	61,832,797	49,081,673	1,339,783	2,618,121	1,603,904	1,993,506	-	209,838,239	
31 March 2021	26,370,476	71,701,670	72,245,013	52,425,252	1,175,950	2,125,466	1,920,153	6,284,421	-		234,248,401



<i>As at 31 March,</i>	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
11 Property, Plant and Equipment (Cont.)				
11.1 Fully Depreciated Assets				
Building	112,007,427	100,623,412	112,007,427	100,623,412
Plant and machinery	142,823,438	139,126,310	142,823,438	139,126,310
Moulds	253,869,858	241,632,278	253,869,858	241,632,278
Office Equipment	3,876,710	2,562,676	3,876,710	2,562,676
Computer Equipment	6,788,954	6,314,281	6,788,954	6,314,281
Furniture and Fittings	2,443,175	1,776,898	2,443,175	1,776,898
Motor vehicles	27,592,047	5,477,167	27,592,047	5,477,167
Road Development	680,762	680,762	680,762	680,762
	550,082,370	498,193,784	550,082,370	498,193,784

11.2 Details of Freehold Land of the Group

Location	Extent	Date of Purchase	Owning Entity
No 328, Madapatha Road, Batakettara, Piliyandala, Sri Lanka	5 Acres	30 Nov 1999	Nilkamal Eswaran Plastic (Pvt) Ltd

11.3 Title Restrictions on PPE

The Group has mortgaged following property, plant and equipment as securities for obtaining banking facilities from Commercial Bank of Ceylon PLC and State Bank of India, Colombo branch.

Description of the asset	Name of the Bank	Facility	Security value Rs.
Land and building located at No 328, Madapatha Road, Batakettara, Piliyandala and immovable plant and equipment	Commercial Bank of Ceylon	Fund based and non-fund based short term banking facilities - total Rs.295,000,000/-	86,000,000
	State Bank of India, Colombo	Fund based and non-fund based short term banking facilities - total Rs.80,000,000/-	226,000,000
TOTAL			312,000,000

<i>For the year ended 31 March,</i>	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
12 Intangible Assets				
Computer Software				
Cost				
As at 1 April	13,184,548	13,144,048	13,184,548	13,144,048
Acquisitions during the year	357,430	40,500	357,430	40,500
As at 31 March	13,541,978	13,184,548	13,541,978	13,184,548
Accumulated Amortisation				
As at 1 April	12,405,475	10,390,040	12,405,475	10,390,040
Amortisation during the year	740,182	2,015,435	740,182	2,015,435
As at 31 March	13,145,657	12,405,475	13,145,657	12,405,475
Carrying Value as at 31 March	396,321	779,073	396,321	779,073

13 Investment in Subsidiary

	% of holding	Company		Value	
		No. of Shares			
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Nilkamal Eswaran Marketing (Pvt) Ltd					
Investment in ordinary shares	100%	100	100	1,000	1,000
		100	100	1,000	1,000



NILKAMAL ESWARAN PLASTICS (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
14 Inventories				
Raw materials (Note 14.3)	100,884,394	77,524,803	100,884,394	77,524,803
Goods in transit (Note 14.2)	9,768,330	104,711,296	9,768,330	104,711,296
Packing materials	4,614,281	2,396,699	4,614,281	2,396,699
Work in Progress	4,860,604	4,624,763	4,860,604	4,624,763
Finished goods (Note 14.3)	109,872,193	101,378,598	62,947,316	56,514,452
Semi-finished goods	14,649,685	19,161,540	14,649,685	19,161,541
	244,649,487	309,797,699	197,724,610	264,933,553
Provision for slow moving Inventories (Note 14.1)	(30,877,669)	(26,944,236)	(9,505,002)	(7,945,710)
	213,771,818	282,853,463	188,219,608	256,987,843
14.1 Provision for slow moving Inventories				
14.1.1 Movement in Provision for Slow Moving Inventories				
Balance as at the beginning of the year	26,944,236	26,105,396	7,945,710	10,704,550
Provision for the year	3,933,433	838,840	1,559,292	(2,758,840)
Balance as at the end of the year	30,877,669	26,944,236	9,505,002	7,945,710
14.1.2 Provision Category wise				
Raw materials	4,981,048	5,940,004	4,981,048	2,560,017
Packing materials	318,424	169,859	318,424	169,859
Finished goods	22,584,431	17,454,386	1,211,764	1,835,847
Semi-finished goods	2,993,765	3,379,987	2,993,765	3,379,987
	30,877,669	26,944,236	9,505,002	7,945,710

14.2 Goods in transit have been recorded based on the international shipping terms and the Bills of Lading dates of import purchases where the risk and rewards have been transferred to the Group before the reporting date though the relevant items have not been physically received till the reporting date. Goods in transit as at 31 March 2021 increased significantly as a result of delays in clearance process due to COVID-19. Further, the Group did not have significant goods in transit balance as at 31 March 2022 because the Group was unable to open adequate Letters of Credit as a result of foreign exchange crisis in Sri Lanka.

14.3 The value of raw materials and finished goods have increased mainly due to the increase in cost of imported materials as a result of adverse fluctuation of exchange rates during the year. Further, the Group has kept a buffer stock as at 31 March 2022 due to potential disruptions in imported materials in the future due to the foreign exchange crisis in Sri Lanka.

14.4 The Group has mortgaged its stocks, with assignment over Trade Debtors, to obtain banking facilities as follows:

Name of the Bank	Facility	Security Value	
		Group	Company
		Rs.	Rs.
Commercial Bank of Ceylon PLC	Fund based and non-fund based short term facilities	105,000,000	70,000,000
State Bank of India, Colombo branch		20,000,000	20,000,000
		125,000,000	90,000,000

As at 31 March,	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
15 Trade and Other Receivables				
Financial				
Trade receivables (Note 15.1)	177,156,332	135,000,432	176,121,153	134,216,745
Staff loans	2,129,677	1,437,341	2,129,677	1,437,341
Refundable Deposits	4,444,344	3,580,949	4,417,071	3,563,676
	183,730,353	140,018,722	182,667,901	139,217,762
Non-financial				
Value Added Tax recoverable	8,632,913	8,222,183	-	-
Prepayments and advances	3,520,779	2,802,888	3,478,871	2,763,875
Advances paid to suppliers (Note 15.3)	9,973,960	7,489,042	9,973,960	7,489,042
Other receivables	22,453	10,162	22,453	10,169
NBT recoverable	247,460	247,460	247,460	247,460
	22,397,565	18,771,735	13,722,744	10,510,546
Trade and Other Receivables	206,127,918	158,790,457	196,390,645	149,728,308
15.1 Trade Receivables				
Trade receivables - related parties (Note 15.1.1)	5,880,310	3,803,923	5,269,910	3,740,557
Trade receivables - other	173,929,279	134,716,504	173,481,946	133,401,529
Provision for impairment of trade receivables (Note 15.1.2)	(2,653,257)	(3,519,995)	(2,630,703)	(2,925,341)
	177,156,332	135,000,432	176,121,153	134,216,745



As at 31 March,

15 Trade and Other Receivables (Cont.)

15.1 Trade Receivables (Cont.)

15.1.1 Trade receivables - related parties

	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Good Value Eswaran (Pvt) Ltd	5,445,089	3,597,878	4,856,489	3,597,878
Eswaran Brothers Export Pvt Ltd	21,800	41,157	-	-
Good Value Eswaran Worldwide (Pvt) Ltd - Crate	-	79,855	-	79,855
Good Value Eswaran Worldwide (Pvt) Ltd	413,421	62,824	413,421	62,824
Eswaran Brother Export Pvt Ltd - Trading	-	22,209	-	-
	<u>5,880,310</u>	<u>3,803,923</u>	<u>5,269,910</u>	<u>3,740,557</u>

15.1.2 Provision for impairment of Trade Receivables

Balance as at the beginning of the year	3,519,995	6,789,283	2,925,341	6,095,324
(Reversal)/Charge during the year	156,546	(95,216)	317,976	(78,568)
Write-off during the year (Note 15.1.2.2)	(1,023,285)	(3,174,072)	(612,614)	(3,091,415)
Balance as at the end of the year	<u>2,653,256</u>	<u>3,519,995</u>	<u>2,630,703</u>	<u>2,925,341</u>

15.1.2.1 The Group has provided for impairment of trade receivables based on the debtors ageing as per the Group's debtor provisioning policy.

15.1.2.2 The Group has written-off long outstanding debtors with the approval of Board of Directors.

As at 31 March,

15.2 Subsidies receivable from Treasury of Sri Lanka

	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Gross Receivable Balance	4,164,607	4,164,607	4,164,607	4,164,607
Less. Provision for impairment (Note 15.2.1)	(4,164,607)	(4,164,607)	(4,164,607)	(4,164,607)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15.2.1 Provision for impairment of subsidies receivable

Balance as at the beginning of the year	4,164,607	4,164,607	4,164,607	4,164,607
Balance as at the end of the year	<u>4,164,607</u>	<u>4,164,607</u>	<u>4,164,607</u>	<u>4,164,607</u>

15.3 Advances paid to suppliers

As at 31 March 2022

Supplier	Item	Invoice Value USD	Advance Paid USD	Ex.rate	USD Amount	Paid in LKR
Zhejiang Dali Mould Co Ltd (Note 15.3.1)	1 set of Injection Mould	53,500	16,050	200	37,450	3,210,000
CNN Plastic Company	Two back design Injection Mould	111,000	33,300	203	77,700	6,759,900
		164,500	49,350	115,150		9,969,900
Advances paid to suppliers - others						4,060
						<u>9,973,960</u>

As at 31 March 2021

Supplier	Item	Invoice Value USD	Advance Paid USD	Ex.rate	USD Amount	Paid in LKR
Zhejiang Dali Mould Co Ltd	1 set of Injection Mould	53,500	16,050	200	37,450	3,210,000
Bizconindia Technologies Pvt Ltd	Injection Mould for Thames Star Base	32,240	16,120	198	16,120	3,183,700
						6,393,700
Advances paid to suppliers - others						1,095,342
						<u>7,489,042</u>

15.3.1 The Company has paid 30% advance to Zhejiang Dali Mould Co Ltd to purchase 1 set of Injection Mould in previous year where there is no foreign exchange crisis. However, the balance 70% of the PO value can not be paid by the Company due to the current economic and foreign exchange crisis. Therefore, Company is holding the advance payment in the books until the balance payment is made.

As at 31 March,

16 Related Party Receivables

	2022	2021	2022	2021
Nilkamal Limited - Crate	-	1,112,193	-	1,112,193
	<u>-</u>	<u>1,112,193</u>	<u>-</u>	<u>1,112,193</u>

NILKAMAL ESWARAN PLASTICS (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
17 Cash and Cash Equivalents				
Cash in hand	455,239	232,773	445,239	222,773
Cash at bank	11,880,958	4,194,017	10,877,632	3,254,514
REPO investments in Sri Lankan Government treasury bills	569,489,317	160,000,000	542,453,761	154,000,000
Investment in fixed deposits with less than three	-	177,723,784	-	177,723,784
	<u>581,825,514</u>	<u>342,150,574</u>	<u>553,776,632</u>	<u>335,201,071</u>
Cash & Cash Equivalents in the Statement of Cash Flows	<u>581,825,514</u>	<u>342,150,574</u>	<u>553,776,632</u>	<u>335,201,071</u>

	Company / Group No. of shares		Value	
	2022	2021	2022 Rs.	2021 Rs.
18 Stated Capital				
Balance as at 1 April	1,578,800	1,578,800	20,000,000	20,000,000
Balance as at 31 March	<u>1,578,800</u>	<u>1,578,800</u>	<u>20,000,000</u>	<u>20,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
19 Deferred Taxation				
Deferred tax asset (Note 19.1)	(21,680,505)	(7,770,763)	(20,799,225)	(7,770,763)
Deferred tax liability (Note 19.2)	25,675,684	29,657,201	25,675,684	29,657,201
	<u>3,995,179</u>	<u>21,886,438</u>	<u>4,876,459</u>	<u>21,886,438</u>
19.1 Deferred Tax Asset				
Balance as at the beginning of the year	7,770,763	9,376,687	7,770,763	9,376,687
<i>Amount reversed during the year to profit or loss</i>				
Amount originated during the year	13,909,742	2,711,166	13,028,462	2,711,166
Impact from the change in tax rate (Note 9.2 and 19.4)	-	(4,317,090)	-	(4,317,090)
Total amount reversed during the year to profit or loss	<u>13,909,742</u>	<u>(1,605,924)</u>	<u>13,028,462</u>	<u>(1,605,924)</u>
Balance as at the end of Year	<u>21,680,505</u>	<u>7,770,763</u>	<u>20,799,225</u>	<u>7,770,763</u>
19.2 Deferred Tax Liability				
Balance as at the beginning of the year	29,657,201	54,517,925	29,657,201	54,517,925
<i>Amount reversed during the year to profit or loss</i>				
Amount reversed during the year	(3,981,517)	(8,384,502)	(3,981,517)	(8,384,502)
Impact from the change in tax rate (Note 9.2 and 19.4)	-	(16,476,222)	-	(16,476,222)
Total amount reversed during the year to profit or loss	<u>(3,981,517)</u>	<u>(24,860,724)</u>	<u>(3,981,517)</u>	<u>(24,860,724)</u>
Balance as at the end of Year	<u>25,675,684</u>	<u>29,657,201</u>	<u>25,675,684</u>	<u>29,657,201</u>

19.3 Deferred tax assets and liabilities are attributable to the following;

	Group			
	2022		2021	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Deferred Tax Liabilities				
Property, plant & equipment	142,642,689	25,675,684	164,762,225	29,657,201
	<u>142,642,689</u>	<u>25,675,684</u>	<u>164,762,225</u>	<u>29,657,201</u>
Deferred Tax Assets				
Employee benefits	(40,086,003)	(7,215,481)	(43,170,905)	(7,770,763)
Tax Credit on Unrealised Exchange losses	(79,137,247)	(14,465,024)	-	-
	<u>(119,223,250)</u>	<u>(21,680,505)</u>	<u>(43,170,905)</u>	<u>(7,770,763)</u>
Net deferred tax liability		<u>3,995,179</u>		<u>21,886,438</u>
Applicable tax rate (Note 9.2 and 19.4)		18% and 24%		



For the year ended 31 March 2022

19 Deferred Taxation (Cont.)

19.3 Deferred tax assets and liabilities are attributable to the following:

As at 31 March,	Company			
	2022		2021	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Deferred Tax Liabilities				
Property, plant & equipment	142,642,689	25,675,684	Rs. 164,762,225	Rs. 29,657,201
	<u>142,642,689</u>	<u>25,675,684</u>	<u>164,762,225</u>	<u>29,657,201</u>
Deferred Tax Assets				
Employee benefits	(40,086,003)	(7,215,481)	43,170,905	(7,770,763)
Tax Credit on Unrealised Exchange losses	(75,465,247)	(13,583,744)	-	-
	<u>(115,551,250)</u>	<u>(20,799,225)</u>	<u>43,170,905</u>	<u>(7,770,763)</u>
Net deferred tax liability		<u>4,876,459</u>		<u>21,886,438</u>
Applicable tax rate (Note 9.2 and 19.4)		18%		18%

19.4 Change in tax rate

As provided for in Section 29 of Sri Lanka Accounting Standard for SMEs, deferred tax assets and liabilities should be measured at the tax rate that are expected to be applied in the period in which the asset will be realised or the liability will be settled, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

As instructed by the Ministry of Finance on January 31, 2020, a change to the Income Tax Rates applicable to the Group has been proposed, pending formal amendments being made to the Act and to be implemented with effect from January 01, 2020. The Bill to amend the Inland Revenue Act No. 24 of 2017 was gazetted and issued on 18 March 2021. The Bill was presented at the Parliament for first reading and approved on 26th March 2021. The Inland Revenue (Amendment) Act No.10 of 2021 was passed in the Parliament and certified by the Speaker on 13 May 2021. Accordingly, the new tax rates have been considered to be substantially enacted for the computation of Current and Deferred tax in the financial statements from the year ended 31 March 2021.

The Company applied the new tax rate of 18% for the measurement of deferred tax assets and liabilities as at 31 March 2022 (2021:18%), which is applicable to the main business activity of the Company, since the temporary differences will be reversed against the taxable profits from the manufacturing business in future. Deferred tax of the Subsidiary as at 31 March 2022 has been measured at 24% which is the applicable tax rate for Nilkamal Eswaran Marketing (Pvt) Ltd. There were no temporary differences of the Subsidiary as at 31 March 2021.

For the year ended 31 March,

20 Employee Benefits

20.1 Defined Contribution Plans

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Employees' Provident Fund				
Employers' contribution	13,319,020	12,046,213	13,319,020	12,046,213
Employees' contribution	8,879,347	8,030,809	8,879,347	8,030,809
Employees' Trust Fund	2,970,274	2,704,539	2,970,274	2,704,539

20.2 Defined Benefit Plan

The computation of provision is based only on Gratuity Act requirement as recommended by SLFRS for SMEs Section 28.18 - "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.



NILKAMAL ESWARAN PLASTICS (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
<i>For the year ended 31 March,</i>	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
20 Employee Benefits (Cont.)				
20.2 Defined Benefit Plan (Cont.)				
20.3 Movement in the Present Value of Defined Benefit Obligations				
Balance as at the beginning of the year	43,170,905	33,488,230	43,170,905	33,488,230
(Reversal)/ charge for the year	(8,506,817)	8,562,558	(8,506,817)	8,562,558
Interest cost	6,442,005	2,248,495	6,442,005	2,248,495
Impact from the change in retirement age (Note 20.5.1)	(570,746)	-	(570,746)	-
Benefits paid	(449,343)	(1,128,378)	(449,343)	(1,128,378)
Balance as at the end of the year	40,086,003	43,170,905	40,086,003	43,170,905
20.4 Provision Recognised in the Statement of Profit or Loss and Other Comprehensive Income				
(Reversal)/ charge for the year	(8,506,817)	8,562,558	(8,506,817)	8,562,558
Impact from the change in retirement age (Note 20.5.1)	(570,746)	-	(570,746)	-
Interest cost	6,442,005	2,248,495	6,442,005	2,248,495
	(2,635,559)	10,811,053	(2,635,559)	10,811,053

20.5 Principal Actuarial Assumptions

Discount rate	15.25%	7.00%	15.25%	7.00%
Staff turnover rate	12%	11.00%	12%	11.00%
Future salary increment rate	12%	7.56%	12%	7.56%
Retirement age (Note 20.5.1)	60	58	60	58

20.5.1 According to the Minimum Retirement Age of Workers Act No. 28 of 2021 certified on 17 November 2021, the retirement age of the employees in Sri Lanka has increased. This change has been accounted for as a plan change in terms of section 28.21 of SLFRS for SMEs. Accordingly, the decrease in defined benefit liability relating to this plan change amounting to Rs. 570,746/- has been recognised as a reversal to profit or loss.

	Group		Company	
<i>As at 31 March,</i>	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
21 Trade and Other Payables				
Financial				
Trade payables - related parties (Note 21.1)	20,766,390	43,961,683	20,766,390	43,954,436
Trade payables - other (Note 21.2)	279,084,342	138,068,950	267,608,403	138,068,950
Security deposits from trade debtors	1,100,000	1,854,878	1,100,000	1,854,878
	300,950,732	183,885,511	289,474,793	183,878,264
Non-financial				
Accrued expenses	27,121,046	27,573,778	26,687,743	27,023,541
Value Added Tax payable	11,163,987	2,029,708	11,064,759	1,978,544
Advances from employees to purchase motor bikes	893,183	1,302,761	893,183	1,302,761
Advances from customers	963,176	1,583,249	914,248	1,583,249
Other payables	6,867,272	4,335,784	6,866,596	4,335,183
	47,008,664	36,825,280	46,426,529	36,223,278
	347,959,396	220,710,791	335,901,322	220,101,542
21.1 Trade payables - related parties				
Nilkamal Limited (Note 21.2)	20,766,390	43,954,436	20,766,390	43,954,436
Good Value Eswaran (Pvt) Ltd	-	7,247	-	-
	20,766,390	43,961,683	20,766,390	43,954,436

21.2 Trade payables have increased during the year ended 31 March 2022 due to extension of credit period for imports as per the requirements of exchange control regulations as a result of foreign exchange crisis in Sri Lanka. Further, adverse fluctuation of LKR against USD resulted in an increase in LKR value of import creditors.



NILKAMAL ESWARAN PLASTICS (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
22 Related Party Payables				
Nilkamal Limited - Royalty Payable	6,800,416	2,464,923	6,800,416	2,464,923
Nilkamal Limited - Dividend Payable (Note 22.1)	57,765,390	-	57,765,390	-
Dividend Payable to Close Family Members of KMP (Note 22.1)	2,234,610	-	2,234,610	-
	66,800,416	2,464,923	66,800,416	2,464,923

22.1 The Group has declared an interim dividend of Rs. 60 Mn during the year 2021/2022. However, the Group has been unable to remit the dividend due to the foreign exchange crisis in Sri Lanka.

23 Current Taxation				
Balance as at the beginning of the year	13,667,510	5,833,211	12,898,792	3,575,478
Current tax for the year (Note 9.1)	33,977,432	30,147,098	37,369,455	28,211,835
(Over)/under provision of current taxes in prior years	346,892	383,965	346,892	592,498
Payments made during the year	(37,277,948)	(22,450,524)	(34,544,734)	(19,234,779)
WHT Set Off against current tax	-	(246,240)	-	(246,240)
Balance as at the end of the year (Note 9.2)	10,713,886	13,667,510	16,070,405	12,898,792

24 Contingent Liabilities

There were no significant contingent liabilities outstanding as at the reporting date which require adjustments or disclosures in the financial statements.

24.1. Litigation and claim

There were no pending litigation or claims as at the reporting date.

25 Capital Commitments

There were no capital commitments as at the reporting date except for the following.

(a) The Company/ Group has undertaken below assets to be purchased after the balance sheet date.

Item Name	Total Value	Advance paid	Capital
1 set of Injection Mould	53,500	16,050	37,450
Two back design Injection Mould	111,000	33,300	77,700
	164,500	49,350	115,150

Advances paid to above assets are disclosed in Note 15.3 to these financial statements

26 Related Party Transactions

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties as per the section 33 of Sri Lanka Accounting Standards for SME - 'Related Party Disclosures'.

26.1 Parent and Ultimate Parent Party

The Company's immediate and ultimate controlling party is Nilkamal Limited which is incorporated in India.

26.2 Key Management Personnel (KMP)

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

The Company has identified the Board of Directors of the Company, Board of Directors of the Parent and other members of the management team who hold significant authority and responsibility for planning, directing and controlling the entity's activities as KMP of the Company.

KMP of the Company are also KMP of the Group.



For the year ended 31 March 2022

27 Related Party Transactions (Cont.)

27.2 Key Management Personnel (KMP) (Cont.)

As the Company is the immediate parent of the Subsidiary, Nilkamal Eswaran Marketing (Pvt) Ltd, the Board of Directors of the Company has the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly. Accordingly the Board of Directors of the Company are KMPs of the Group.

27.2.1 Compensation of Key Management Personnel

<i>For the year ended 31 March,</i>	2022	Group	2022	Company
	Rs.	2021	Rs.	2021
		Rs.	Rs.	Rs.
Short term benefits	17,855,231	17,824,622	17,855,231	17,824,622
Post employment benefits	(24,041)	535,433	(24,041)	535,433
Dividend paid to close family members of KMP				
- Final Dividend for 20/21	744,870	-	744,870	-
- First Interim Dividend for 21/22	2,234,610	-	2,234,610	-
	20,810,670	18,360,055	20,810,670	18,360,055

No other payments such as post employments benefits, termination benefits and share based payments have been paid to key management personnel during the year.

No loans have been given to the Directors of the Company.

27.3 Transactions with Related Companies

Company Name	Relationship	Nature of Transaction	Transaction Amount 2021/22	Transaction Amount 2020/21
			Rs.	Rs.
Nilkamal Eswaran Marketing (Pvt) Ltd	Subsidiary	Net fund transfers to/(from) Plastics	(31,866,778)	14,198,500
		Dues NEMPL settled to the Company	36,410,082	13,046,048
		Dues the Company settled to NEMPL	(4,543,304)	(9,136,967)
Nilkamal Limited	Parent Entity	Purchases from Nilkamal Limited	36,962,685	60,963,188
		Mould lease rentals paid to Nilkamal Limited	-	-
		Purchases of Capital Goods from Nilkamal India	15,616,508	2,877,535
		Exports to Nilkamal India	4,083,209	5,600,130
		Royalty charged by Nilkamal Limited	10,993,441	7,365,599
		Final dividend for 2020/21	19,255,130	-
		First Interim dividend 21/22	57,765,390	-
Eswaran Brothers (Pvt) Ltd		Purchases	123,609	-
		Settlements	(123,609)	-
Good Value Eswaran (Pvt) Ltd		Purchases	21,874,685	17,930,117
		Settlements	(20,616,074)	18,216,037
Good Value Eswaran (Pvt) Ltd - Crate	Companies significantly influenced by KMP and their close family members	Purchases	599,466	-
		Settlements	(599,466)	-
Good Value Eswaran World Wide (Pvt) Ltd		Purchases	794,773	498,356
		Settlements	(444,176)	1,421,698
Good Value Eswaran World Wide (Pvt) Ltd - Crate		Purchases	202,999	-
		Settlements	(282,854)	-

Amounts due to and due from related companies are disclosed in Note 22 and 16 respectively. Trade payables to and receivables from related parties are disclosed in Note 21 and Note 15 respectively.

The Company has provided a Corporate Guarantee for Rs.16,000,000/- dated 21 November 2012 for banking facilities made available to the Subsidiary Nilkamal Eswaran Marketing (Pvt) Ltd by Commercial Bank of Ceylon PLC.



For the year ended 31 March 2022

28 Financial Risk Management

Overview

The Group has exposure to the following risks from its use of financial instruments:

1. Credit risk
2. Liquidity risk
3. Market risk
4. Operational risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout this financial statement.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

28.1. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, related parties, short term investments and cash and cash equivalents.

The Group trades with own distributors with bank guarantee and trades maximum up to the guarantee value. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Cash and cash equivalents are held with banks which have good ratings based on Fitch ratings.

28.1.1 Credit Risk Exposure and Managing the Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

<i>As at 31 March,</i>	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Trade and other receivables	206,127,918	158,790,457	182,667,901	139,217,762
Related party receivables	-	1,112,193	-	1,112,193
Cash & cash equivalents	581,825,514	342,150,574	553,776,632	335,201,071
	<u>787,953,432</u>	<u>502,053,224</u>	<u>736,444,533</u>	<u>475,531,026</u>

28.2 Liquidity Risk

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



For the year ended 31 March 2022

28 Financial Risk Management (Cont.)

28.2 Liquidity Risk (Cont)

Maturity Analysis

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group

As at 31 March 2022

	Within 1 Year Rs.	Between 1-2 Years Rs.	More than 2 Years Rs.	Total Rs.
Trade & other payables	347,959,396	-	-	347,959,396
Related party payables	66,800,416	-	-	66,800,416
	<u>414,759,812</u>	<u>-</u>	<u>-</u>	<u>414,759,812</u>

As at 31 March 2021

	Within 1 Year Rs.	Between 1-2 Years Rs.	More than 2 Years Rs.	Total Rs.
Trade & other payables	220,710,791	-	-	220,710,791
Related party payables	2,464,923	-	-	2,464,923
	<u>223,175,714</u>	<u>-</u>	<u>-</u>	<u>223,175,714</u>

Company

As at 31 March 2022

	Within 1 Year Rs.	Between 1-2 Years Rs.	More than 2 Years Rs.	Total Rs.
Trade & other payables	335,901,322	-	-	335,901,322
Related party payables	66,800,416	-	-	66,800,416
	<u>402,701,738</u>	<u>-</u>	<u>-</u>	<u>402,701,738</u>

As at 31 March 2021

	Within 1 Year Rs.	Between 1-2 Years Rs.	More than 2 Years Rs.	Total Rs.
Trade & other payables	220,101,542	-	-	220,101,542
Related party payables	2,464,923	-	-	2,464,923
	<u>222,566,465</u>	<u>-</u>	<u>-</u>	<u>222,566,465</u>

28.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

28.3.1 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk arising mainly from foreign currency denominated in a currency other than the respective functional currencies of Company. The currencies in which these transactions primarily are denominated in USD.



For the year ended 31 March 2022

29 Fair values of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

As at 31 March, Group	2022		2021	
	Carrying amount Rs.	Fair value Rs.	Carrying amount Rs.	Fair value Rs.
Financial assets at amortised cost				
Trade and other receivables	206,127,918	206,127,918	158,790,457	158,790,457
Related party receivables	-	-	1,112,193	1,112,193
Cash and cash equivalents	581,825,514	581,825,514	342,150,574	342,150,574
	787,953,432	787,953,432	502,053,224	502,053,224
Financial liabilities at amortised cost				
Trade and other payables	347,959,396	347,959,396	220,710,791	220,710,791
Related party payables	66,800,416	66,800,416	2,464,923	2,464,923
	414,759,812	414,759,812	223,175,714	223,175,714
Company				
Financial assets at amortised cost				
Trade and other receivables	182,667,901	182,667,901	139,217,762	139,217,762
Related party receivables	-	-	1,112,193	1,112,193
Cash and cash equivalents	553,776,632	553,776,632	335,201,071	335,201,071
	736,444,533	736,444,533	475,531,026	475,531,026
Financial liabilities at amortised cost				
Trade and other payables	335,901,322	335,901,322	220,101,542	220,101,542
Related party payables	66,800,416	66,800,416	2,464,923	2,464,923
	402,701,738	402,701,738	222,566,465	222,566,465

The methods and assumptions used to estimate the fair values of the financial instruments are as follows:

- Cash and cash equivalents – The carrying amount of cash and cash equivalents approximate its fair value due to the relatively short maturity of the financial instruments.
- Trade and other receivables, Related party receivables, Lease creditors, Trade and other payables, Related party payables and Bank overdraft - The carrying amount of these financial assets and liabilities approximate its fair value due to the relatively short maturity of the financial instruments.

30 Comparative Figures

Where necessary, comparative figures have been rearranged to conform with the current year's presentation.

31 Events After the Reporting Date

There were no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements expect for the following.

(a) The Surcharge Tax Act, No. 14 of 2022 (Act) was certified by the Speaker and published as a Supplement to Part II of the Gazette of the Democratic Socialist Republic of Sri Lanka on 08 April 2022. Accordingly, Surcharge Tax is payable by any company subject to the taxable income threshold specified in the Act. The chargeability threshold set for a company is Taxable income exceeding Rs.2Bn for Year of Assessment (Y/A) commencing from 1 April 2020. As the Group does not meet the said threshold in the Y/A 2020/21, there will be no adjustments required to be made by the Company in the financial statements for the year ending 31 March 2023.

32 Board of Director's Responsibility for Financial Reporting

The Board of Directors is responsible for the preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards for small and medium-sized entities laid down by the Institute of Chartered Accountants of Sri Lanka and the Companies Act No. 7 of 2007.



NILKAMAL ESWARAN PLASTICS (PVT) LTD
DETAILED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March,

	Company	
	2022 Rs.	2021 Rs.
Revenue	1,469,875,297	983,192,145
Cost of sales	(1,056,999,175)	(668,974,848)
Gross Profit	412,876,122	314,217,297
Other income	3,297,147	4,341,671
Administrative expenses	(73,364,012)	(83,634,783)
Distribution expenses	(161,780,459)	(129,819,874)
Profit from Operations	181,028,798	105,104,311



NILKAMAL ESWARAN PLASTICS (PVT) LTD
DETAILED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March,

Company

2022
Rs.

2021
Rs.

ADMINISTRATIVE EXPENSES (Cont.)

Seminar & Training - Furniture	-	63,965
Staff Recruitment Ex - Furniture	105,997	76,045
Building Maintenance- New Sofa Area	-	-
Payroll Outsourcing Fee	60,445	27,715
Sofa Warranty Provision Charge	56,914	269,347
Staff Recruitment Ex - Crate	4,300	-
Vehicle Maintenance Ex - Sofa	-	2,200
Tab & Phone Repair	175,580	69,495
Lawyer Fee for Court Case Furniture	9,000	-
Lawyer Fee for Court Case Sofa	45,000	31,500
	73,364,012	83,634,783

DISTRIBUTION EXPENSES

EPF 12%-Crate	2,393,197	2,147,888
EPF 12%-Sales	3,958,121	3,451,563
ETF 3%-Crate	404,098	371,780
ETF 3%-Sales	989,530	862,891
Bonus Crates	977,685	632,025
Salaries-Crates	11,866,702	10,415,074
Salaries-Sales	21,146,201	18,663,706
Bonus-Marketing	1,385,552	898,140
Food Allowance-Crate	183,700	165,316
Food Allowance-Sales	1,136,742	1,075,813
Advertising - Outdoor	-	(10,000)
Distributor Sales Incentives	12,619,687	8,537,934
Fuel Expences - Sales	1,962,697	1,793,833
Fuel Expences - Crate	620,002	701,755
House Rent- Sales	267,000	253,167
Overtime-Sales	310,838	317,080
Royalty	10,993,441	7,365,599
Special Allowance-Crate	197,770	139,223
Special Allowance-Sales	4,083,070	3,213,531
Traveling Allowance - Sales	3,193,194	2,588,536
Travelling Allowance-Crate	363,601	345,372
Tender Expences	390,338	351,000
Sales Incentives - Crate	230,825	149,635
Promotions & Events - NPD	-	5,000
VAT on Sample Issues - Furniture	1,322	2,416
Fields Sales Expences - Crate	272,780	338,386
Advertising Expenses - Furniture	19,200	82,800
Promotions of Crates	4,625	-
Transport Charges - Crates	4,155,336	3,621,309
Fields Sales Expences - Furniture	2,161,032	3,387,930
Promotions & Events - Furniture	1,758,255	(582,544)
Sales Incentives - Furniture	13,282,400	11,425,219
Transport Charges - Furniture	25,900,082	20,125,011
Bad Debts Account - Furniture	317,976	(78,568)
VAT on Sample Issues - Crate	2,206	1,763
Fields Sales Expences - Fabricated	-	20,925
Fuel Expences - Sofa	256,795	187,609
Tender Expences - Crate	16,000	17,500
Training, Seminar & Workshops - S & D	-	222,585
Export Charges - Crate	124,934	88,853
Fields Sales Expences - Sofa	56,735	66,200
Promotions & Events - Sofa	150,242	(4,653)



NILKAMAL ESWARAN PLASTICS (PVT) LTD
DETAILED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March,

Company

DISTRIBUTION EXPENSES (Cont.)

	2022 Rs.	2021 Rs.
Sales Incentives - Sofa	851,800	634,175
Sales Incentives - Crate - Institutional	640,250	141,220
Sales Incentives-Institutional	5,288,650	1,518,026
Sales Incentives - Institutional -Sofa	-	9,000
Settlement Discounts (16 to 30 Days)-1%	173,759	143,870
Settlement Discounts (2 to 30 Days)-1.5%	-	486,934
Settlement Discounts (Immediately)-2%	841,021	499,734
Settlement Discounts (Immediately)-2.5%	11,608,664	2,907,544
Settlement Discounts (Immediately)-3.5%	-	6,558,082
Settlement Discounts -Sofa-5%	292,364	160,331
Settlement Discounts -Sofa-2.5%	115,263	50,002
Transport Charges - Fabricated	575,173	570,569
Transport Charges - Sofa	3,216,961	2,648,239
Travelling for Sales - Furniture	4,425,000	4,451,275
Travelling for Sales - Sofa	575,000	540,000
Written Off Unclaimed VAT - 15% - CRATE	-	3,297
Written Off Unclaimed VAT - 15% - FUR	-	7,442
Written Off Unclaimed VAT - 15% - Sofa	(5,204)	65,045
Written Off Unclaimed VAT - 8%- Crate	58	8,660
Written Off Unclaimed VAT - 8%- Fab	933	3,496
Written Off Unclaimed VAT - 8%- Fur	149	3,477
Written Off Unclaimed VAT - 8%- Sofa	18,656	16,809
Daraz Sales Commission	84,308	19,246
Transport Charges - Powder Coating & Other	310,980	386,718
Online Courier Chagres	(119,444)	(42,413)
Online Sales Commission	40,699	12,521
Utility Expences Crate	137,268	464,127
Annual Leave Encashment - Crate	958,432	830,340
Annual Leave Encashment - S & D	1,490,242	1,793,499
Budgetary Allowance - Sales	1,088,350	1,063,902
Budgetary Relief Allowance - Crate	109,333	118,833
House Rent Allowance - Crate	57,000	40,354
Review Meeting Expense	424,759	284,587
Promotions & Events - OSS	46,000	-
Sales Incentives - OSS	11,489	-
Transport Charges - OSS	329,495	-
Purchase of Samples	39,143	60,718
	161,780,459	129,819,874



**NILKAMAL CRATES
& BINS FZE**

Financial Statements

31 March 2022

Registered office:

Warehouses C-15 to 17,
Ajman Free Zone,
P. O. Box 21008,
Ajman, U.A.E.

NILKAMAL CRATES & BINS FZE

Financial Statements

31 March 2022

<u>CONTENTS</u>	<u>PAGE</u>
Manager's Report	1
Independent Auditors' Report	2 – 3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 – 20

NILKAMAL CRATES & BINS FZE

Manager's Report

The manager submits his report and accounts for the year ended 31 March 2022.

Results and dividend

The profit for the year amounted to AED 1,497,860/-.

Interim dividend of AED 500,000 is approved by the directors for the year 31st March 2022.

Review of the business

The establishment is registered to carry out activity of general trading / import and export. During the year, the establishment has mainly traded in various plastic crates, pallets, material handling equipment, racking systems, bins, hospitality products and related products.

Events since the end of the year

There were no significant events, which have occurred since the year-end that materially affect the establishment.


Shareholder and its interest

The sole shareholder, at 31 March 2022 and its interest, as of that date, in the share capital of the establishment, was as follows:

<u>Name of the shareholder</u>	<u>Country of incorporation</u>	<u>No. of share</u>	<u>AED</u>
Nilkamal Limited (Represented by Mr. Saumil Mukund Mehta)	India	1	185,000

Auditors

A resolution to re-appoint **KSI Shah & Associates** as auditors and fix their remuneration will be put to the board of directors at the annual general meeting.


Mr. Saumil Mukund Mehta
 Manager



Independent Auditors' Report to the Shareholder of NILKAMAL CRATES & BINS FZE

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **NILKAMAL CRATES & BINS FZE** (the "establishment"), which comprises of the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

In our opinion, the financial statements present fairly, in all material respects the financial position of the establishment as of 31 March 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other Information

Management is responsible for the other information. Other information comprises the manager's report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report to the Shareholder of NILKAMAL CRATES & BINS FZE

Report on the Audit of the Financial Statements (contd.)

Responsibilities of Management and Those Charged With Governance for the Financial Statements (contd.)

In preparing the financial statements, management is responsible for assessing the establishment'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 establishment or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the establishment's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the establishment's internal control.
- 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 establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the establishment to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For KSI Shah & Associates
Dubai, U.A.E.

Signed by:

Sonal P. Shah (Registration No. 123)

28 April 2022



NILKAMAL CRATES & BINS FZE**Statement of Financial Position***At 31 March 2022*

	<i>Notes</i>	<i>2022 AED</i>	<i>2021 AED</i>
ASSETS			
Non-current assets			
Fixed assets	6	<u>111,160</u>	<u>146,186</u>
Current assets			
Inventories	7	2,132,410	2,742,042
Trade and other receivables	8	3,359,130	2,865,961
Prepayments		71,248	78,423
Cash and bank balances	9	<u>2,516,057</u>	<u>1,279,487</u>
		<u>8,078,845</u>	<u>6,965,913</u>
TOTAL ASSETS		<u>8,190,005</u>	<u>7,112,099</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	185,000	185,000
Statutory reserve	11	92,500	92,500
Accumulated profits		<u>5,510,653</u>	<u>4,512,793</u>
Total equity		<u>5,788,153</u>	<u>4,790,293</u>
Non-current liability			
Staff end of service gratuity		<u>326,085</u>	<u>299,610</u>
Current liabilities			
Trade and other payables	12	1,575,767	2,022,196
Dividend payable	16	<u>500,000</u>	-
		<u>2,075,767</u>	<u>2,022,196</u>
TOTAL EQUITY AND LIABILITIES		<u>8,190,005</u>	<u>7,112,099</u>

The accompanying notes 1 to 21 form an integral part of these financial statements.

The Independent Auditors' Report is set forth on pages 2 to 3.

Approved by the board of directors on 28 April 2022 and signed on its behalf by:

For NILKAMAL CRATES & BINS FZE


Mr. Saumil Mukund Mehta
 Manager



NILKAMAL CRATES & BINS FZE

Statement of Comprehensive Income
for the year ended 31 March 2022

	<i>Notes</i>	<i>2022 AED</i>	<i>2021 AED</i>
Sales		14,128,212	9,498,690
Cost of sales	13	(10,489,325)	(7,120,860)
Gross profit		3,638,887	2,377,830
Expenses	14	(2,202,542)	(2,058,973)
Profit from operating activities for the year		1,436,345	318,857
Other income	15	61,515	39,264
Profit for the year		1,497,860	358,121
Other comprehensive income		-	-
Total comprehensive income		<u>1,497,860</u>	<u>358,121</u>

The accompanying notes 1 to 21 form an integral part of these financial statements.

NILKAMAL CRATES & BINS FZE

Statement of Changes in Equity
for the year ended 31 March 2022

	<i>Share capital <u>AED</u></i>	<i>Statutory reserve <u>AED</u></i>	<i>Accumulated profits <u>AED</u></i>	<i>Total <u>AED</u></i>
As at 31 March 2020	185,000	92,500	4,154,672	4,432,172
Profit for the year	<u>-</u>	<u>-</u>	<u>358,121</u>	<u>358,121</u>
As at 31 March 2021	185,000	92,500	4,512,793	4,790,293
Profit for the year	-	-	1,497,860	1,497,860
Dividend	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>
As at 31 March 2022	<u>185,000</u>	<u>92,500</u>	<u>5,510,653</u>	<u>5,788,153</u>

The accompanying notes 1 to 21 form an integral part of these financial statements.

NILKAMAL CRATES & BINS FZE

Statement of Cash Flows
for the year ended 31 March 2022

	<i>Notes</i>	<i>2022 AED</i>	<i>2021 AED</i>
<u>Cash flows from operating activities</u>			
Profit for the year		1,497,860	358,121
Adjustment for:			
Provision for staff end of service gratuity		26,475	(23,133)
Interest income		-	(150)
Depreciation		37,881	42,348
Operating profit before working capital changes		1,562,216	377,186
Changes in inventories		609,633	(616,779)
Changes in trade and other receivables		(493,169)	95,166
Changes in prepayments		7,175	(31,800)
Changes in trade and other payables		(446,430)	501,605
Net cash from operating activities		<u>1,239,425</u>	<u>325,378</u>
<u>Cash flow from investing activities</u>			
Purchase of fixed assets		(2,855)	(24,877)
Changes in margin account		(1,396,005)	-
Interest income		-	150
Net cash (used in)/from investing activities		<u>(1,398,860)</u>	<u>(24,727)</u>
Net changes in cash and cash equivalents		(159,435)	300,651
Cash and cash equivalents at beginning of the year		<u>1,279,487</u>	<u>978,836</u>
Cash and cash equivalents at end of the year	17	<u>1,120,052</u>	<u>1,279,487</u>

The accompanying notes 1 to 21 form an integral part of these financial statements.

NILKAMAL CRATES & BINS FZE

(Incorporated in the Ajman Free Zone, Emirate of Ajman, U.A.E.)

(Registration No. 26166)

Notes to the Financial Statements

for the year ended 31 March 2022

1. Legal status and business activity

- a) **NILKAMAL CRATES & BINS FZE** ("The Establishment") is a Free Zone Establishment registered with the Ajman Free Zone, Ajman, U.A.E. on 09 August 2003 under the general trading license No. 1252.
- b) The establishment is registered to carry out activity of general trading / import and export. During the year, the establishment has mainly traded in various plastic crates, pallets, material handling equipment, racking systems, bins and related products.

2. Basis of preparation**a) Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2021 and the implementing rules and regulations of Ajman Free Zone.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the establishment takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

c) Functional and presentation currency

These financial statements are presented in U.A.E. Dirhams, which is the establishment's functional and presentation currency.

3. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Notes to the Financial Statements
*for the year ended 31 March 2022***Judgments made in applying accounting policies**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Revenue from contracts with customers**Sale of goods- local and export****■ Timing for transfer of control of goods:**

In case of performance obligation satisfied at point in time, the control of goods is transferred, when physical delivery of the goods to the agreed location has occurred, as a result, the establishment has a present right to payment and retains none of the significant risks and rewards of the goods.

■ Financing components

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

■ Determining the transaction price:

The establishment's revenue from sale of goods is derived from fixed price contracts with customers and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Based on the historical performance of the establishment, it is highly probable that there will not be reversal of previously recognized revenue on account of the return of goods or volume rebates.

■ Allocating the transaction prices:

There is a fixed unit price for each item sold to the customer. Therefore, there is no judgment involved in allocating the contract price to each unit ordered in contracts with customers. Where a customer orders more than one item, the establishment is able to determine the split of the total contract price between each item by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

■ Provision of rights to return goods, volume rebates and other similar obligations:

The establishment reviews its estimate of expected returns at each reporting date on basis of the historical data for the returns, rebates and other similar obligations and updates the amounts of the asset and liability accordingly.

Impairment of non-financial assets

At each reporting date, management conducts an assessment of fixed assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

Notes to the Financial Statements
*for the year ended 31 March 2022****Financial assets at amortized cost***

The establishment classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty and assumptions at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Residual values of fixed assets

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Estimated useful life of fixed assets

Management determines the estimated useful lives and depreciation charge for its fixed assets at the time of addition of the assets and is reviewed on annual basis.

Inventory provision

Management regularly undertakes a review of the establishment's inventory, in order to assess the likely realization proceeds, taking in account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Staff end-of-service gratuity

The establishment computes the provision for the liability to staff end-of-service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

Impairment of financial assets

The loss allowance for financial assets is based on assumptions about risk of default and expected loss rates. The establishment uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Notes to the Financial Statements

for the year ended 31 March 2022

4a. Adoption of new and revised International Financial Reporting Standards

a) New and revised International Financial Reporting Standards and amendments

The following International Financial Reporting Standards, amendments thereto and interpretations issued by IASB that became effective for the current reporting period:

- Amendments to IFRS 16 Leases- COVID-19-Related Rent Concessions beyond 30 June 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16- Interest Rate Benchmark Reform-IBOR 'Phase 2'

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from their effective dates.

These amendments have no significant impact on the amounts reported in these financial statements. Their adoption has resulted in presentation and disclosure changes only.

b) International Financial Reporting Standards issued but not effective

Amendments to IAS 16-Property, Plant and Equipment: Proceeds before Intended Use
The effective date of the amendments is set for annual periods beginning on or after 1 January 2022

Amendments to IAS 37-Onerous Contracts – Cost of Fulfilling a Contract: The effective date of the amendments is set for annual periods beginning on or after 1 January 2022.

Amendments to IFRS 3- References to the Conceptual - The effective date of the amendments is set for annual periods beginning on or after 1 January 2022.

Annual Improvements to IFRS Standards 2018–2020 – Amendments to IFRS 1, IFRS 9, IFRS 16 Leases and IAS 41. The effective date of the amendments is set for annual periods beginning on or after 1 January 2022.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current - The effective date of the amendments is set for annual periods beginning on or after 1 January 2023.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies - The effective date of the amendments is set for annual periods beginning on or after 1 January 2023.

Amendments to IAS 8-Definition of accounting estimates – The effective date of the amendments is set for annual periods beginning on or after 1 January 2023.

Amendments to IAS 12-Deferred tax related to assets and liabilities arising from a single transaction – The effective date of the amendments is set for annual periods beginning on or after 1 January 2023.

Notes to the Financial Statements*for the year ended 31 March 2022***International Financial Reporting Standards issued but not effective (contd.)**

IFRS17 -Insurance Contracts and amendments to IFRS 17- The effective date of the standard is set for annual periods beginning on or after 1 January 2023.

The establishment has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. Significant accounting policies:**a) Depreciation of fixed assets**

The cost of fixed assets is depreciated by equal annual instalments over their estimated useful lives as under:

Furniture and office equipment	3 - 10 years
Vehicles	8 years

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Depreciation on addition is calculated on a pro-rata basis from the month of addition and on disposal to and including the month of disposal of the asset.

b) Financial instruments**i. Recognition and Initial measurement**

The establishment recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition.

ii. Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified as follows:

Financial assets at amortized cost (debt instruments)

Financial assets that are held within a business model whose objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest are subsequently measured at amortized cost less impairments, if any. Interest income calculated using effective interest rate (EIR) method and impairment loss, if any are recognised in the statement of profit and loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The establishment's financial assets at amortised cost include trade and other receivables and cash and bank balances. Due to the short term nature of these financial assets, their carrying amounts are considered to be the same as their fair value.

Notes to the Financial Statements

for the year ended 31 March 2022

iii. *Classification and subsequent measurement of financial liabilities*

For the purpose of subsequent measurement, financial liabilities are classified as follows:

- Amortised cost - Financial liabilities are classified as financial liabilities at amortised cost by default. Interest expense calculated using EIR method is recognised in the statement of profit and loss.
- Fair values through profit or loss (FVTPL) - Financial liabilities are classified as FVTPL if it is held for trading, or is designated as such on initial recognition. Changes in fair value and interest expense on these liabilities are recognised in the statement of profit and loss.

The establishment's financial liabilities include trade and other payables and dividend payable. The carrying amounts of these financial liabilities are considered as to be the same as their fair values, due to their short term nature.

iv. *Derecognition of financial assets and financial liabilities*

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The establishment has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a) the establishment has transferred substantially all the risks and rewards of the asset, or
 - b) the establishment has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

v. *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

vi. *Impairment of financial assets*

The establishment recognizes an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the establishment expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the Financial Statements
for the year ended 31 March 2022

Impairment of financial assets (contd.):

Expected credit losses are recognized in two stages.

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months.
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For trade receivables, the establishment applies a simplified approach in calculating expected credit losses. The establishment does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit losses at each reporting date.

c) Inventories

Inventories are valued at lower of cost using the weighted average method or net realizable value.

Cost comprises invoice value plus applicable direct costs such as freight and custom duty.

Net realizable value is based on estimated selling price less further cost expected to be incurred for disposal.

d) Foreign currency transactions

Transactions in foreign currencies are converted into U.A.E. Dirhams at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling at the balance sheet date. Resulting gain or loss is taken to the Statement of comprehensive income.

e) Impairment of non-financial assets

The establishment assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the establishment estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the Statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the Statement of comprehensive income.

NILKAMAL CRATES & BINS FZE**Notes to the Financial Statements***for the year ended 31 March 2022***f) Value Added Tax (VAT)**

The revenue, expenses and assets are recognized net of value-added tax (VAT). In case Input VAT paid to the supplier of asset or expense is not recoverable from the Federal Tax Authority, it is disclosed as part of asset acquired or expense incurred.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from or VAT payable to FTA is disclosed as other payable or other receivable under current liabilities or current assets respectively in the statement of financial position.

g) Provision

Provisions are recognized when the establishment has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

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

h) Staff end of service benefits

Provision is made for end-of-service gratuity payable to the staff, subject to the completion of a minimum service period, at the reporting date in accordance with the local labour laws.

i) Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

j) Short term leases

The establishment applies the short-term lease recognition exemption to its short-term leases of office premises and staff accommodations (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases assets are recognized as expense on a straight-line basis over the lease term.

NILKAMAL CRATES & BINS FZE

Notes to the Financial Statements

for the year ended 31 March 2022

k) Revenue recognition

Sales of goods

The establishment has mainly traded in plastic crates, pallets, material handling equipment, racking systems, bins, hospitality products and related products.

Revenue from sale of goods is recognized at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customers and have been accepted by the customers at their premises and there is no unfulfilled obligation that could affect customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer or the establishment has objective evidence that all criteria for acceptance have been satisfied.

The amount of revenue is shown as net of discounts, returns, other similar obligations and VAT as per the performance obligations determined as per the provisions of the contracts with customers.

l) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise of cash and cheques on hand, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

m) Dividend

Dividend is paid out of accumulated profits, when declared. Dividend declared for the year but not paid is disclosed under current liabilities

6. Fixed assets	<i>Furniture and office equipment</i>	<i>Vehicles</i>	<i>Total</i>
	<u>AED</u>	<u>AED</u>	<u>AED</u>
Cost			
As at 01.04.2021	317,605	251,134	568,739
Additions during the year	2,855	-	2,855
As at 31.03.2022	<u>320,460</u>	<u>251,134</u>	<u>571,594</u>
Depreciation			
As at 01.04.2021	203,616	218,937	422,553
Charge for the year	22,694	15,187	37,881
As at 31.03.2022	<u>226,310</u>	<u>234,124</u>	<u>460,434</u>
Net book value			
As at 31.03.2022	<u>94,150</u>	<u>17,010</u>	<u>111,160</u>
As at 31.03.2021	<u>113,989</u>	<u>32,197</u>	<u>146,186</u>

In the opinion of the management, there was no impairment in respect of the above fixed assets. Hence the carrying values of the fixed assets as at 31 March 2022 approximates to their net book values.

NILKAMAL CRATES & BINS FZE

Notes to the Financial Statements
for the year ended 31 March 2022

	<i>2022</i> <u>AED</u>	<i>2021</i> <u>AED</u>
7. Inventories		
Inventories	2,436,446	2,464,910
Provision for slow moving inventories	<u>(378,000)</u>	<u>(200,000)</u>
	2,058,446	2,264,910
Goods in transit	<u>73,964</u>	<u>477,132</u>
	<u>2,132,410</u>	<u>2,742,042</u>
8. Trade and other receivables		
Trade receivables	3,110,095	2,782,896
Provision for doubtful debts	<u>-</u>	<u>(44,932)</u>
	3,110,095	2,737,964
Advance to suppliers	155,485	36,972
Staff advance	5,000	-
Other receivable	1,525	-
Deposits	<u>87,025</u>	<u>91,025</u>
	<u>3,359,130</u>	<u>2,865,961</u>
9. Cash and cash equivalents		
Cash on hand	7,578	3,388
Bank balances in:		
Current accounts	1,112,474	1,276,099
Margin accounts (<i>refer note 20</i>)	<u>1,396,005</u>	<u>-</u>
	<u>2,516,057</u>	<u>1,279,487</u>
10. Share capital		
Authorized, issued and paid up:		
1 share of AED 185,000/-	<u>185,000</u>	<u>185,000</u>
11. Statutory reserve		
As required by Article 103 of the U.A.E. Commercial Companies Law No. 2 of 2015, statutory reserve is created by allocating 10% of the net profit of the establishment. The establishment has discontinued such annual transfers as this reserve totals 50% of the paid up share capital. The reserve is not available for distribution except as provided in the Federal Law.		
	<i>2022</i> <u>AED</u>	<i>2021</i> <u>AED</u>
12. Trade and other payables		
Trade payables (<i>refer note 16</i>)	1,339,745	1,910,835
Advance from customers	115,910	27,018
Accruals	38,453	43,019
Other payable	<u>81,659</u>	<u>41,324</u>
	<u>1,575,767</u>	<u>2,022,196</u>

NILKAMAL CRATES & BINS FZE

Notes to the Financial Statements
for the year ended 31 March 2022

	<u>2022</u> <u>AED</u>	<u>2021</u> <u>AED</u>
13. Cost of sales		
Inventories at beginning of the year	2,464,910	2,325,263
Purchases (refer note 16)	8,871,968	6,596,349
Provision for slow moving inventories	178,000	-
Other direct costs	1,410,893	664,158
Inventories at the end of the year	<u>(2,436,446)</u>	<u>(2,464,910)</u>
	<u>10,489,325</u>	<u>7,120,860</u>
14. Expenses		
Manager's remuneration (refer note 16)	312,936	268,229
Staff salaries and benefits	717,477	689,071
Rent	291,755	287,104
Provision for doubtful debts	-	44,932
Other administration expenses	808,545	655,117
Bad debts written off	33,948	72,172
Depreciation (refer note 6)	37,881	42,348
	<u>2,202,542</u>	<u>2,058,973</u>
15. Other income		
Interest income	-	150
Exchange gain	35,695	21,114
Miscellaneous income	25,820	18,000
	<u>61,515</u>	<u>39,264</u>

16. Related party transactions

For the purpose of this financial statement, parties are considered to be related to the establishment, if the establishment has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making that party's financial and operating decisions, or vice versa, or where the establishment and the party are subject to common control or common significant influence. Related party may be individuals or other entities.

The nature and amount of significant transactions during the year are as under:

	<i>Key Managerial Personnel 2022 <u>AED</u></i>	<i>Parent company 2022 <u>AED</u></i>	<i>Common management control <u>AED</u></i>	<i>Total 2022 <u>AED</u></i>	<i>Total 2021 <u>AED</u></i>
Purchases (refer note 13)	-	2,206,479	1,067,216	3,273,695	1,883,805
Manager's remuneration (refer note 14)	312,936	-	-	312,936	268,229

NILKAMAL CRATES & BINS FZE

Notes to the Financial Statements
for the year ended 31 March 2022

Related party transactions (contd.)

At the reporting date, balances with related parties were as follows:

	<i>Common management control 2022 <u>AED</u></i>	<i>Parent company 2022 <u>AED</u></i>	<i>Total 2022 <u>AED</u></i>	<i>Total 2021 <u>AED</u></i>
Included in current liabilities:				
Trade payables (<i>refer note 12</i>)	97,703	224,529	322,232	870,554
Dividend payable	-	500,000	500,000	-
			2022	2021
			<u>AED</u>	<u>AED</u>

17. Cash and cash equivalents

Cash on hand	7,578	3,388
Bank balances in:		
Current accounts	<u>1,112,474</u>	<u>1,276,099</u>
	<u>1,120,052</u>	<u>1,279,487</u>

18. Financial instruments: Credit, interest rate, liquidity risk and exchange rate risk exposures

The establishment has exposure to the following risks from its use financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

a) Credit risk

Financial assets, which potentially expose the establishment to concentrations of credit risk, comprise principally of trade and other receivables and bank balances.

Trade receivables

As at 31 March 2022, the establishment's maximum exposure to credit risk from trade receivables situated within U.A.E. amounted to AED 309,771/- due from one customer (*previous year AED 731,777/- due from two customers*).

There are no significant concentrations of credit risk from trade receivables situated outside U.A.E. and outside the industry in which the establishment operates.

Bank balances

The establishment's bank balances in current and margin accounts are placed with high credit quality financial institutions.

NILKAMAL CRATES & BINS FZE

Notes to the Financial Statements
for the year ended 31 March 2022

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk, interest rate risk and equity prices risk, which will affect the establishment's income or the value of its holding of financial instruments.

Interest rate risk

Since the establishment does not have any deposits or borrowings, interest rate risk is minimum.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in U.A.E. Dirhams or US Dollars to which the U.A.E. Dirham is fixed.

c) Liquidity risk

The following are the contractual maturities of the establishment's financial liabilities as of 31 March 2022.

<i>Non-derivative financial liabilities</i>	<i>Carrying amounts AED</i>	<i>Payable within next 12 months AED</i>	<i>Payable after 12 months AED</i>
Staff end of service gratuity	326,085	-	326,085
Trade and other payables:			
Trade payables	1,339,745	1,339,745	-
Advance from customers	115,910	115,910	-
Accruals	38,453	38,453	-
Other payable	<u>81,659</u>	<u>81,659</u>	<u>-</u>

19. Financial instruments: Fair values

The fair values of the establishment's financial assets, comprising of trade and other receivables and bank balances and financial liabilities comprising of trade and other payables approximate to their carrying values.

2022 **2021**
AED AED

20. Purchase commitment

Letters of credit ^a (refer note 9) **1,296,644** -

^a Represents letter of credit issued by the bank and against which no goods were shipped by the supplier till the reporting date.

21. Comparative figures

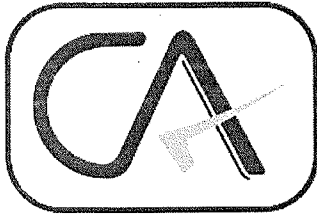
Previous years figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.

**NILKAMAL
FOUNDATION
BALANCE SHEET**

F. Y. 2021 - 2022

A.Y. 2022 - 2023

A handwritten signature in black ink, located in the bottom right corner of the page. The signature is stylized and appears to be a cursive name.



SHETH DOCTOR & ASSOCIATES

CHARTERED ACCOUNTANTS

B 401, Shree Ramdev Apartments
Dr. Dalvi Road, Near Bank Of India,
Kandivali (W) Mumbai 400067
Telephone : (022) 28058438
Mob: 9819748438
E-mail: doctor_paresh@yahoo.co.in

INDEPENDENT AUDITORS' REPORT

The Members of
NILKAMAL FOUNDATION

Report on the Financial Statements

We have audited the accompanying financial statements of NILKAMAL FOUNDATION (a Company not for Profit and Limited by Shares registered under Section 8 of the Companies Act 2013), which comprises Balance Sheet as at 31st March, 2022, the Statement of Income and Expenditure Account and Cash Flow statement for the year ended 31st March 2022, and a summary of significant accounting policies and other explanatory information.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2022
- (b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.
- (c) In the case of Cash Flow Statement, of its Cash flow during the year ended on that date.

Basis for Opinion

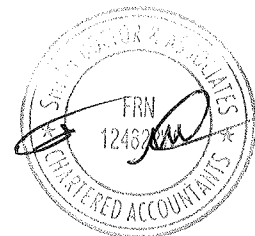
We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' Section of our Report. We are independent 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 financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and Auditors report thereon ('Other information')
The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and auditor's report thereon.

Our Opinion on the financial statements does not cover the information and we do not express any form of assurance or conclusions thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Managements' Responsibility for the Financial Statements



The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and the Board of Directors are responsible for assessing the Company's ability to continue as 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.

Auditor's Responsibility for the audit of the financial statements

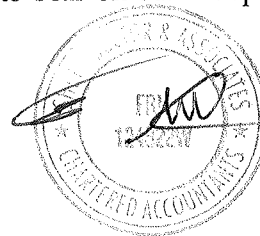
Our objective are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors report that include our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatement 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 decision of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 auditors report to the related disclosures conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

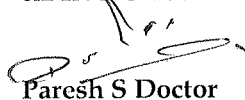


From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public communication 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. The Companies (Auditor's Report) Order,2020 ("the CARO 2020 Order") issued by the Central Government in terms of the Section 143(11) of the Act, is not applicable to the Company.
2. As required by Section 143(3) of the Act, we report that :
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit .
 - b. In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books .
 - c. The Balance Sheet, Statement of Income and Expenditure Account, Cash Flow Statement and other notes thereon dealt with by this Report are in agreement with the books of accounts.
 - d. In our opinion, the aforesaid financial statements comply with the accounting standards referred to in the Section 133 of the Companies Act,2013 and read with Rule No 7 of the Companies Accounting Rules 2014.
 - e. On the basis of representations received from the directors as on Mar 31, 2022 and taken on record by the Board of Directors, none of the directors is disqualified as on Mar 31,2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules,2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. As per the information and explanations given to us there are no pending litigations other than those disclosed in the financial statements.
 - ii. In the opinion of the company no provision is required under any law or accounting standards, for material foreseeable losses, if any , on long term contracts including derivative contracts.
 - iii. There are no amounts to be transferred to Investor Education & Protection Fund during the year.

For M/s Sheth Doctor and Associates
Chartered Accountants
(Firm Regn No. 124822W)
UDIN NO 20036056AJCRLD7587


Paresh S Doctor

Proprietor

Membership No. 036056

Mumbai.

Date : 17/5/2022



NILKAMAL FOUNDATION

BALANCE SHEET

As AT 31st MARCH, 2022

(Rupees in Lakhs)

	Note	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
Current Assets			
Cash & Cash Equivalents	1	165.75	29.06
Bank Balance other than Cash and Cash equivalents	2	60.00	350.00
Other Current Assets	3	5.09	246.34
TOTAL ASSETS		230.84	625.40
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	4	0.01	0.01
Other Equity	5	230.65	524.65
LIABILITIES			
CURRENT LIABILITIES			
Other Payables	6	0.18	0.74
Other current Liabilities	7	-	100.00
TOTAL EQUITY AND LIABILITIES		230.84	625.40

Basis of Preparation, measurement and significant accounting policies

12

The accompanying notes are an integral part of these financial statements

As per our report of even date

FOR SHETH DOCTOR & ASSOCIATES
Firm Registration No. 0124822W
Chartered Accountants

Pareesh S. Doctor
Proprietor
Membership No. 36056

For and on behalf of Board of Directors of
Nilkamal Foundation
CIN : U74999MH2016NPL284394

Vamanrai V. Parekh
Director
DIN : 00037519

Sharad V. Parekh
Director
DIN : 00035747

Place : Mumbai
Date: 17th May 2022
UDIN : 22036056AJCRLD7587



NILKAMAL FOUNDATION

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2022

(Rupees in Lakhs)


	Note	Year Ended 31st March, 2022	Year Ended 31st March, 2021
INCOME			
Donation Received	8,12(4)	100.00	357.15
Other Income	9	27.29	17.17
TOTAL INCOME		127.29	374.32
EXPENDITURE			
Program Expense	10	421.00	133.21
Other Expense	11	0.28	0.39
TOTAL EXPENSES		421.28	133.60
Excess / (Shortfall) of income over expenditure [A]		-294.00	240.72
OTHER COMPREHENSIVE INCOME FOR THE YEAR [B]			
TOTAL COMPREHENSIVE INCOME FOR THE YEAR [A-B]		-294.00	240.72
Earnings/ (Loss) per equity share			
Basic & Diluted(In Rupees)		-2,93,998.44	2,40,720.23
(Face Value of Rs. 10 each)			
Basis of preparation, measurement and significant accounting policies	12		

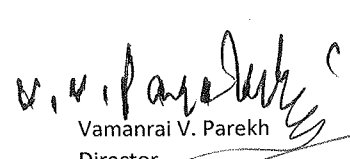
The accompanying notes are an integral part of these financial statements


As per our report of even date

FOR SHETH DOCTOR & ASSOCIATES
Firm Registration No. 0124822W
Chartered Accountants

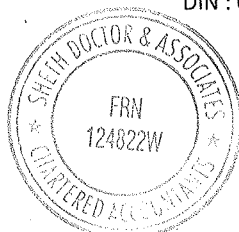
For and on behalf of Board of Directors of
Nilkamal Foundation
CIN : U74999MH2016NPL284394


Paresh S. Doctor
Proprietor
Membership No. 36056


Vamanrai V. Parekh
Director
DIN : 00037519


Sharad V. Parekh
Director
DIN : 00035747

Place : Mumbai
Date: 17th May 2022
UDIN : 22036056AJCRLD7587



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

1] CASH AND CASH EQUIVALENTS

	As at 31st March, 2022	As at 31st March, 2021
Balances with banks	165.59	28.89
Cash On hand	0.16	0.16
	165.75	29.06

2) BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31st March, 2022	As at 31st March, 2021
Bank Deposits having original maturity period 3-12 Months	60.00	350.00
	60.00	350.00

3] OTHER CURRENT ASSETS

	As at 31st March, 2022	As at 31st March, 2021
Interest Receivable	0.08	0.36
Income Tax Paid	5.01	3.67
Bank Deposit having Original maturity more than 12 months		242.31
	5.09	246.34

4] EQUITY SHARE CAPITAL

	As at 31st March, 2022	As at 31st March, 2021
Authorised 100 equity shares of Rs. 10 each	0.01	0.01
Issued, subscribed and fully paid up 100 equity shares of Rs. 10 each	0.01	0.01
	0.01	0.01

a) Reconciliation of the number of shares

	As at 31st March, 2022		As at 31st March, 2021	
Equity shares	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	100	0.01	100	0.01
Add / (Less):				
Balance at the end of the year	100	0.01	100	0.01

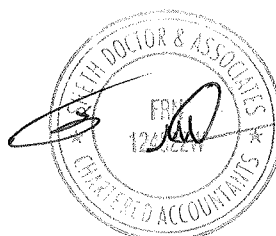
b) Rights, preference and restrictions attached to the shares

The company has only one class of equity shares having a par value Rs. 10 per share. Each shareholder is eligible for one vote per share held. As the Company is a private company limited by shares of formed under section 8 of the Companies Act, 2013, no dividend is to be proposed and paid to the shareholders. In the event of winding up or dissolution of the company, after the satisfaction of all its debts and liabilities, any property whatsoever shall be given or transferred to some other institution(s) having object similar to the objects of the Company, to be determined by the members of the company at or before the time of dissolution or in default thereof by the High Court.

c) Shares held by holding company and subsidiary of holding company in aggregate

	As at 31st March, 2022	As at 31st March, 2021
Equity shares of Rs.10 each held by:		
98 shares are held by Nilkamal Limited, the holding company	980.00	980.00
1 share is held by Nilkamal Bitos Storage Sysytem Private Limited	10.00	10.00
1 share is held by Cambro Nilkamal Private Limited	10.00	10.00

d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the company



	As at 31st March, 2022	As at 31st March, 2021
Number of shares of Rs. 10 each held by:		
Nilkamal Limited, the holding company	980.00	980.00
% of holding	98%	98%

5] OTHER EQUITY

	Retained Earnings	Retained Earnings
As at 1st April, 2021	524.65	283.93
Excess of Income over expenditure for the year	-294.00	240.72
As at 31st March, 2022	230.65	524.65

6] OTHER PAYABLES

	As at 31st March, 2022	As at 31st March, 2021
Trade Payables	0.18	0.74
	0.18	0.74

2021-22

	Outstanding for following periods from due date of payment				
Particulars	Unbilled	Not due	< 1 Year	1-2 years	2-3 years
Undisputed MSME					
Undisputed Others	0.18				
Disputed dues - MSME					
Disputed dues - Others					

2020-21

	Outstanding for following periods from due date of payment				
Particulars	Unbilled	Not due	< 1 Year	1-2 years	2-3 years
Undisputed MSME					
Undisputed Others	0.18		0.56		
Disputed dues - MSME					
Disputed dues - Others					

	As at 31st March, 2022	As at 31st March, 2021
Principal outstanding of amount payable as on 31st March 2016 relating to suppliers registered as Micro, Small and Medium Enterprises Development Act, 2006	-	-
Interest due thereon	-	-
Amount of interest paid alongwith the amount of payments made beyond the amount day	-	-
Amount of interest due and payable (where the principal is already paid but interest has not been paid)	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
	-	-

7] OTHER CURRENT LIABILITIES

	As at 31st March, 2022	As at 31st March, 2021
Fund held in corpus donation	100.00	100.00
Less : Spend for Specific Purpose (refer note 12(4))	-100.00	
	-	100.00

8] DONATIONS RECEIVED

	For the period ended 31st March, 2022	For the period ended 31st March, 2021
Voluntary Contributions	100.00	357.15
(From holding Company & Associates - Note No. 5(b), 12(4))	100.00	357.15



h

9] OTHER INCOME

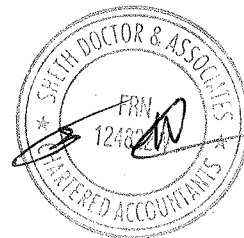
	For the period ended 31st March, 2022	For the period ended 31st March, 2021
Interest Received - FD	26.11	16.25
Interest Received - SB	1.07	0.92
Interest received on Income Tax refund	0.10	
	27.29	17.17

10] PROGRAM EXPENSES

	For the period ended 31st March, 2022	For the period ended 31st March, 2021
Donations Paid	421.00	10.94
Project Expenses	-	122.27
	421.00	133.21

11] OTHER EXPENSES

	For the period ended 31st March, 2022	For the period ended 31st March, 2021
Bank Charges	0.01	
ROC Fees	0.08	0.10
Audit Fees	0.18	0.18
Other expense		0.09
Professional Fees	0.02	0.02
	0.28	0.39



NILKAMAL FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2022

(Rupees in Lakhs)


	Year Ended 31st March, 2022	Year Ended 31st March, 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess/ (Shortfall) of income over expenditure	-294.00	240.72
Adjustments for:		
Interest Income	-27.29	-17.17
Transfer from corpus donations received in earlier years	-100.00	
Changes in Working Capital		
Increase/ (Decrease) in current assets	242.31	-7.21
Increase/ (Decrease) in current liabilities	-0.56	-16.40
Increase/ (Decrease) in other bank balances	290.00	-225.00
Direct Taxes Paid	-1.34	-1.22
Net cash generated from/ (used in) operating activities - [A]	109.12	-26.29
B. CASH FLOWS FROM INVESTING ACTIVITIES - [B]		
Interest Received	27.57	17.77
	27.57	17.77
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid		
Net cash (used in)/ generated from financing activities - [C]	-	-
Net Increase/ (Decrease) in Cash And Cash equivalents - [A + B + C]	136.69	-8.52
ADD: Cash and Cash equivalents at the beginning of the year	29.06	37.58
Cash And Cash equivalents at the end of the year	165.75	29.06

Note: The above Statement of Cash Flows has been prepared under the indirect method as set out in the Ind AS 7, 'Statement of Cash Flows'


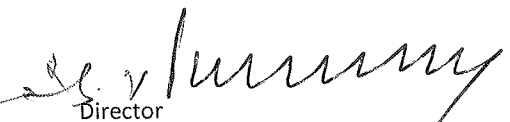
The accompanying notes are an integral part of these financial statements

As per our report of even date

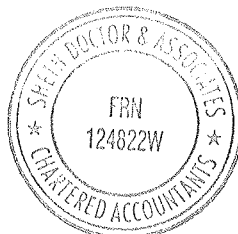
FOR SHETH DOCTOR & ASSOCIATES
Firm Registration No. 0124822W
Chartered Accountants


Pafesh S. Doctor
Proprietor
Membership No. 36056

For and on behalf of Board of Directors of
Nilkamal Foundation
CIN : U74999MH2016NPL284394

 
Director
Vamanrai V. Parekh
DIN : 00037519
Director
Sharad V. Parekh
DIN : 00035747

Place : Mumbai
Date: 17th May 2022
UDIN : 22036056AJCRLD7587



NILKAMAL FOUNDATION

12. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

1. COMPANY OVERVIEW

Nilkamal Foundation ("The Company"), a not for profit company, within the meaning of section 8 of the Companies Act, 2013 was incorporated in India on August 3, 2016. Pursuant to the enactment of Companies Act, 2013 and section 135 of The Companies Act, 2013, the Company as an implementing agency, would carry out Corporate Social Responsibility ('CSR') activities as per CSR policy adopted by Nilkamal Limited and its group companies in line with schedule VII of The Companies Act, 2013. The Company would primarily focus on CSR activities in undertaking programs/projects majority in the field of education, health, and environmental sustainability, Relief and Rehabilitation. However, the company shall also undertake any the activities as suggested under section 135 of the Companies Act, 2013, and which are also mentioned in the main object clause of the Memorandum of Association of the company, as and when the Company feels it necessary to expand.

2. BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION AND MEASUREMENT

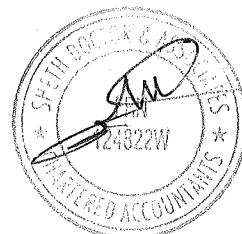
a) BASIS OF PREPARATION

These financial statements have been in accordance with the Indian Accounting Standard [hereinafter referred to as the 'Ind AS'] as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with rule 3 of the Companies [Indian Accounting Standards] Rules, 2015 that are notified and other relevant provisions of the Act.

The financial statements have been prepared on the accrual and going concern basis. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the division II-Ind AS Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current or non current classification of assets and liabilities.

b) BASIS OF MEASUREMENT

These financial statements are prepared under the historical cost convention unless otherwise indicated.



2.2 SIGNIFICANT ACCOUNTING POLICIES

a. Revenue Recognition

I) Voluntary Contribution:

Contributions received other than for corpus donations are recognized as income in the year of receipt.

Contributions received as corpus donations with future commitment for CSR expenses, are credited to 'Fund held in corpus donation' in the Balance sheet under the head of other current liabilities. and will be disbursed as per the direction of the donor for carrying out the CSR activities of the Company.

II) Interest Income on Fixed Deposits are accounted on accrual basis.

b. Expenses

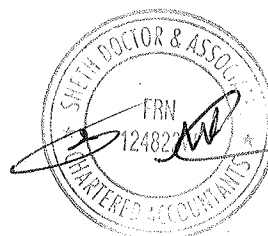
All expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

c. Program Expenses

The said expenses represents various expenditure incurred by the company on activities and projects covered by "Corporate Social Responsibility " (CSR) as specified under Section 135 of the Companies Act 2013. Expenditure on projects are written off in the respective year of it's spending irrespective of it's stage of completion. The same is accounted for as & when paid.

d. Earnings Per Share

Basic earnings per share is computed by dividing the net excess/ (shortfall) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.



e. Cash And Cash Equivalents

Cash and cash equivalents comprises cash on hand, cash in bank and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) highly liquid investments that are readily convertibles into known amounts of cash and which are subject to insignificant risk of changes in value.

f. Income Tax

The company has been granted exemption from Income tax under section 12A read with section 12AA of the Income Tax Act , 1961 .

3. CONTINGENT LIABILITY AT YEAR END : NIL

4. In accordance with direction received from the Holding Company, during the year Company has transferred sum of Rs100 lakhs received in earlier years towards corpus donation to Income & Expenditure account.

5. RELATED PARTY DISCLOSURES

Enterprises exercising control

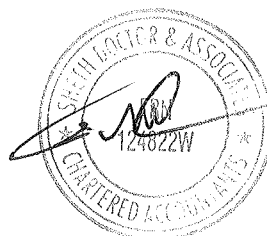
a. Holding Company: Nilkamal Limited

b. Other related parties with whom transactions have taken place:

Associates:	a. Nilkamal Storage System Private Limited
	b. Cambro Nilkamal Private Limited

Disclosure of transactions between the company and related parties and the status of outstanding balance as in 31st March, 2022

Name of The Party	Year ended 31 st March, 2022 (Rs. in Lacs)	Year ended 31 st March, 2021 (Rs. in Lacs)
a. Holding Company Nilkamal Limited		
Donations received		Rs. 310.00
Corpus Fund Transfer	Rs. 1,00.00	
Fund Held in Corpus Donation	-	Rs. 100.00
Purchase for Program	-	Rs.. 56/-
b. Associates		
i) Nilkamal Storage Systems Private Limited		



Donations Received	-	Rs. 26.66
ii) Cambro Nilkamal Private Limited		
Donations Received	-	Rs. 20.55

6. EARNINGS PER SHARE HAS BEEN COMPUTED AS UNDER

	Year Ended 31 st March, 2022 (Rs.)	Year Ended 31 st March, 2021 (Rs.)
Excess/ (Shortfall) of income over expenditure for the year	294.00 lacs	240.72 lacs
Weighted average number of equity share outstanding	100	100
Earnings per share (Rs.) – basic and diluted (face value of Rs 10 per share)	(-)293998.44	240720.23

As per our report of even date

FOR SHETH DOCTOR & ASSOCIATES

Firm Registration No. 0124822W
Chartered Accountants

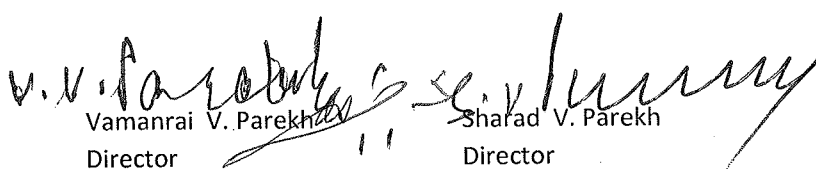


Paresh S. Doctor
Proprietor
Membership No. 36056

For and on behalf of Board of Directors of

Nilkamal Foundation

CIN - U74999MH2016NPL284394

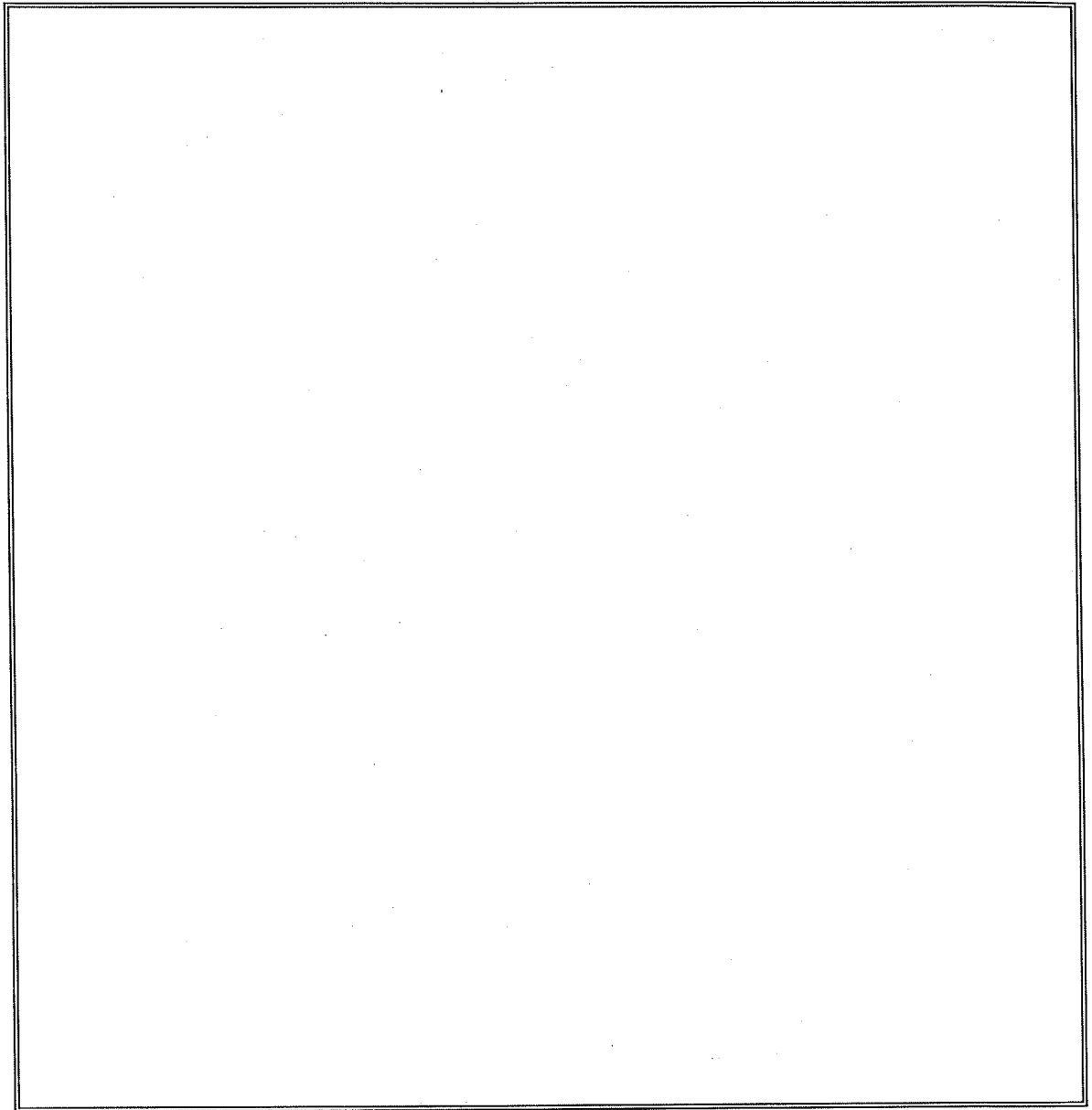


Vamanrai V. Parekh
Director
DIN- 00037519

Sharad V. Parekh
Director
DIN-00035747

Place : Mumbai
Date: 17th May 2022
UDIN : 22036056AJCRLD7587





NILKAMAL STORAGE SYSTEMS PRIVATE LIMITED
BALANCESHEET 2021-2022

Admn. / Regd. Office : Nilkamal House, 77 & 78, Street No. 13/14, MIDC, Andheri (East), Mumbai - 400 093, India.

Tel. : +91(22) 4235 8888 / 2681 8888 • **Toll Free :** 1800 1219 115

E-mail : storagesolutions@nilkamal.com • **visit us at :** www.nilkamalmaterialhandling.com/metal-shelving-racking

-DIRECTORS REPORT-

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS FOR THE YEAR ENDED 31ST MARCH, 2022.

Dear Members,

Your Directors are pleased to present their **Sixteenth Annual Report** of the Company together with the Audited Accounts for the financial year ended 31st March, 2022.

FINANCIAL PERFORMANCE:

During the year under review, your Company's turnover stood at ₹ 28,115 Lacs as against ₹ 19,102 lacs for the previous year, a jump of 47.18 %. The profits earned by the Company stood at ₹ 422.91 Lacs vis-à-vis ₹ 237.58 Lacs of the previous year, showing a surge in profits by 78.00%. The increased demand from the FMCG and E-commerce sectors, resulted in uptrend in the sales volume as well as in the profitability of the Company.

RESERVES AND SURPLUS

The Company proposes to transfer NIL amount to its general reserves account out of the profits available.

DIVIDEND

Your Company does not recommend any dividend for the financial year.

SHARE CAPITAL

The Company's paid-up Equity Share Capital continues to stand at ₹ 444.00 Lacs as on March 31, 2022.

Further, the Company has not issued any shares or convertible securities. The Company does not have any Scheme for issue of shares including sweat equity to the employees or Directors of the Company.

DIRECTORS

During the year under review, in accordance with the provisions of Companies Act, 2013, Mr. Hiten V. Parekh (DIN: 00037550), Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-election.

NUMBER OF MEETINGS OF THE BOARD

During the financial year under review, your Company has held four Board Meetings in due compliance of applicable laws.

SCHEME OF AMALGAMATION OF THE COMPANY WITH NILKAMAL LIMITED

The Board of Directors of the Company has approved a Scheme of Amalgamation under Sections 230 to 232 and other applicable provisions of the Act, between the Company, its shareholders and creditors, and Nilkamal Limited, its holding Company (the “Scheme”). The Company has filed the Scheme with the Hon’ble National Company Law Tribunal, Mumbai Bench for its approval.

Further the Board has at its meeting held on 10th February, 2022 changed the Appointed Date of the Scheme of Amalgamation under Section 230-232 of the Companies Act, 2013 of Nilkamal Storage Systems Private Limited with Nilkamal Limited (“Scheme”) from April 1, 2021 to October 1, 2022.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per the requirement of the Companies (Corporate Social Responsibility) Rules, 2014, the Annual Report on CSR is annexed herewith as “Annexure A.”

MATERIAL CHANGES AND COMMITMENTS

In terms of Section 134(3)(l) of the Companies Act, 2013, except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company’s financial position have occurred between the end of the financial year of the Company and date of this report.

AUDITORS AND AUDITOR’S REPORT

Pursuant to the provisions of Section 139 of the Act read with applicable Rules framed thereunder, M/s. B S R & Co. LLP, having ICAI Registration No. 101248W/ W-100022 were appointed as the Company’s Statutory Auditors at the Thirteenth Annual General Meeting to hold office for a period of five years till the conclusion of Eighteenth Annual General Meeting.

The Statutory Auditor has confirmed their eligibility and submitted the certificate in writing that they are not disqualified to hold the office of the statutory auditor.

Admn. / Regd. Office : Nilkamal House, 77 & 78, Street No. 13/14, MIDC, Andheri (East), Mumbai - 400 093, India.
Tel. : +91(22) 4235 8888 / 2681 8888 • **Toll Free :** 1800 1219 115
E-mail : storagesolutions@nilkamal.com • **visit us at :** www.nilkamalmaterialhandling.com/metal-shelving-racking

The notes to accounts referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments

DEPOSITS

The Company has not accepted or invited any Deposit within the meaning of the provisions of Companies Act, 2013.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197 (12) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there was no employee during the year who was in receipt of remuneration of more than ₹ 1.02 crores per annum or employed for part of the year who was in receipt of remuneration of ₹ 8.50 lacs per month or more.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(3)(c) of the Companies Act, 2013, the Directors hereby confirm:-

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (b) that they 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 at the end of the financial year and of the profit of the company for that period;
- (c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual financial statements have been prepared on a going concern basis;
- (e) that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Admn. / Regd. Office : Nilkamal House, 77 & 78, Street No. 13/14, MIDC, Andheri (East), Mumbai - 400 093, India.
Tel. : +91(22) 4235 8888 / 2681 8888 • **Toll Free :** 1800 1219 115
E-mail : storagesolutions@nilkamal.com • **visit us at :** www.nilkamalmaterialhandling.com/metal-shelving-racking

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Your Company has not given any Loans or Guarantees nor has made any investment covered under the provisions of Section 186 of the Companies Act, 2013.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were duly approved by the Board and the same were entered on arm's length basis in the ordinary course of Company's business.

ADEQUACY OF RISK MANAGEMENT SYSTEMS

The Company has in place a mechanism to identify, monitor and mitigate various risks associated to the business of the Company.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return is annexed herewith as "Annexure B."

DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

An Internal Complaints Committee has been constituted by the Company in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder to redress complaints received on sexual harassment. During the financial year under review, the Company has not received any complaints of sexual harassment.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS

There are no significant and material orders passed by the Regulators/ Courts/ Tribunals which would impact the going concern status of the Company's operations in future.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADOPTION, INNOVATION AND FOREIGN EXCHANGE EARNING AND OUTGO

The required information under Section 134(3)(m) of the Companies Act, 2013, read with Rule, 8 of The Companies (Accounts) Rules, 2014 is as follows:

Admn. / Regd. Office : Nilkamal House, 77 & 78, Street No. 13/14, MIDC, Andheri (East), Mumbai - 400 093, India.

Tel. : +91(22) 4235 8888 / 2681 8888 • **Toll Free :** 1800 1219 115

E-mail : storagesolutions@nilkamal.com • **visit us at :** www.nilkamalmaterialhandling.com/metal-shelving-racking

A. Conservation of Energy:

Your Company constantly endeavors to conserve energy at all levels of its operations. In this regard, your Company has taken the following efforts towards conservation of energy resources during the year under review:

1. Designed and arranged new piercing tool for piercing operations, thereby increasing the speed and saving power consumption.
2. Designed and arranged new press tool with all operations in it (Lancing, piercing, and notching), thereby leading to savings in energy consumption and reduced cycle time.
3. Designed new tube cutting tool with spring loaded tripper plate and spring loaded pressure pad to hold the tube before cutting to avoid taper cutting, thereby reducing the cycle time and increasing the speed of operations.

B. Technology absorption, adoption and innovation:

Efforts, in brief, towards technology absorption, adoption and innovation:

1. Modified existing back stop bracket tool inorder to make both type of bracket in one tool, thereby saving cost of production and reducing the power cost.
2. Modification in bidding and blending machine helped in using single machine for for both the activities thereby reducing time and increasing production.
3. Designed and manufactured new inhouse light weight stamping block, thereby reducing time for stamping activity.

Foreign Exchange Earnings and Outgo:

Total foreign Exchange used and earned

	(₹ in lacs)	
	2021-2022	2020-2021
Foreign Exchange Earned	16.82	0.00
Foreign Exchange Used	1433.93	393.56



Nilkamal Storage Systems Pvt. Ltd.

(Formerly Known As Nilkamal BITO Storage Systems Pvt. Ltd.)

Manufacturers Of Intralogistics Solutions

Admn. / Regd. Office : Nilkamal House, 77 & 78, Street No. 13/14, MIDC, Andheri (East), Mumbai - 400 093, India.

Tel. : +91(22) 4235 8888 / 2681 8888 • **Toll Free :** 1800 1219 115

E-mail : storagesolutions@nilkamal.com • **visit us at :** www.nilkamalmaterialhandling.com/metal-shelving-racking

ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks for the continued support by shareholders, Bankers, State Government Authorities, Local Authorities and employees of the Company.

For and on behalf of the Board
Nilkamal Storage Systems Private Limited

NAYAN S. PAREKH
CHAIRMAN
DIN NO: - 00037597

Place: Mumbai
Date: 20th May, 2022

B S R & Co. LLP

Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai - 400 063

Telephone: +91 22 6257 1000
Fax: +91 22 6257 1010

Independent Auditor's Report

To the Members of Nilkamal Storage System Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nilkamal Storage System Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

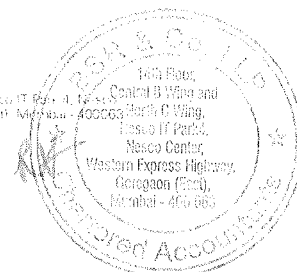
The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

B S R & Co. is a partnership firm with Registration No. BAO12031 incorporated in India. B S R & Co. LLP is a Limited Liability Partnership with LLP Registration No. AAB-8191, incorporated in India on 04.04.2012.

Registered Office:

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063



B S R & Co. LLP

Nilkamal Storage Systems Private Limited

Independent Auditors' Report on Standalone Financial Statements (*Continued*)

Other Information (*Continued*)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

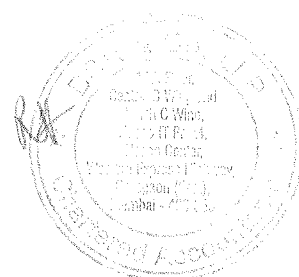
The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



B S R & Co. LLP

Nilkamal Storage Systems Private Limited

Independent Auditors' Report on Standalone Financial Statements (*Continued*)

Auditor's Responsibilities for the Audit of the Financial Statements (*Continued*)

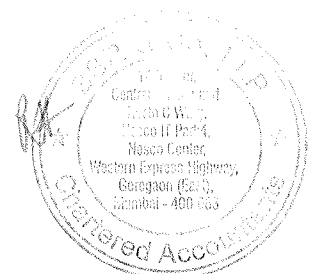
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with 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 in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) 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.



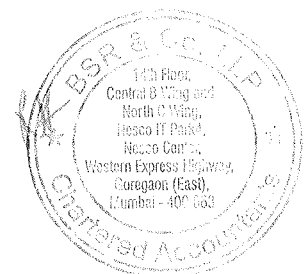
B S R & Co. LLP

Nilkamal Storage Systems Private Limited

Independent Auditors' Report on Standalone Financial Statements (*Continued*)

Report on Other Legal and Regulatory Requirements (*Continued*)

- c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (C) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer note 36 to the financial statements;
- (D) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (E) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- (F) (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 49 (ii) of the standalone 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.



B S R & Co. LLP

Nilkamal Storage Systems Private Limited

Independent Auditors' Report on Standalone Financial Statements (*Continued*)

(ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in the note 49 (iii) of the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as 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 (d) (i) and (d) (ii) contain any material mis-statement.

e) The Company has not declared dividend during the year

(C) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the company is incorporated as a Private Company and thus the provisions of Section 197(16) of the Act are not applicable to the Company.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022



Rishabh Kumar

Partner

Membership No: 402877

ICAI UDIN: 22402877AJKBXY9311

Place: Mumbai

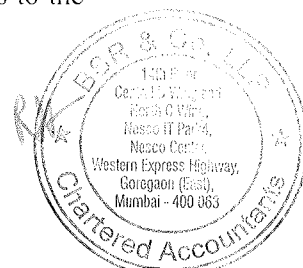
Date: 22 May 2022

Nilkamal Storage System Private Limited

Annexure A to the Independent Auditor's Report on Financial Statements

(Referred to in our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (a) (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified in a phased manner over three year. In accordance with this programme, all property, plant and equipment were physically verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company. In our opinion, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company except for the quarter ended 30 June 2021, 30 September 2021 and 31 Dec 2021 with IDBI bank and State Bank of India where differences were noted between the the amount as per books of account for respective quarters and amount as reported in the quarterly statements. The differences were in case of Debtors amounting to Rs 8.27 lakhs, Rs 6.52 lakhs and Rs 0.67 Lakhs for the quarter ended 30 June 2021, 30 September 2021 and 31 December 2021 respectively. Further, Creditors had a difference of Rs 51.50 lakhs, Rs 134.71 Lakhs and Rs 359.50 Lakhs for the quarter ended 30 June 2021, 30 September 2021 and 31 December 2021 respectively. These statements were subsequently rectified by way of submitting quarterly returns to the respective banks for the said period.



Nilkamal Storage System Private Limited**Annexure A to the Independent Auditor's Report on Financial Statements
(Continued)**

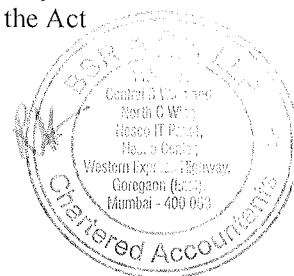
(Referred to in our report of even date)

- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loan or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. The Company has not granted any loan, secured or unsecured, to companies, firms or limited liability partnership during the year.

- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has provided loans as below:

(Rs. in Lakhs)	
Particulars	Loans
Aggregate amount during the year	
- Employees	26.60
Balance outstanding as at balance sheet date	
- Employees	30.59

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the terms and conditions of the loans granted during the year are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.



Nilkamal Storage System Private Limited**Annexure A to the Independent Auditor's Report on Financial Statements
(Continued)**

(Referred to in our report of even date)

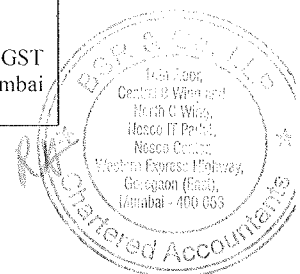
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods (and/or services provided by it) and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited by the company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the Statute	Nature of dues	Amount (Rs. In lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty (including penalty)	66.76	FY 2011-12 to 2015-16	Commissioner - Appeals
		22.64	FY 2016-17	Commissioner – Appeals
		6.33	FY 2017-18	Commissioner - Appeals
		328.06	FY 2013-14 to 2016-17	High court of Jammu and Kashmir
Central Sales Tax Act, 1956 and Local Sales Tax Act	Sales tax (including interest)	0.45	2017-18	Commercial Taxes Circle - I Jammu
Goods and Service Tax Act, 2017	Goods and Service Tax Act	30.98	2013-14 to 2015-16	Assistant Commissioner GST and Central Excise, Mumbai East Commissionerate

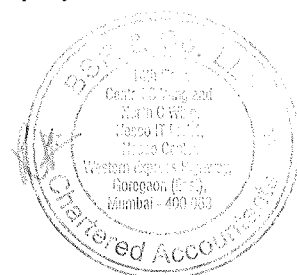


Nilkamal Storage System Private Limited

**Annexure A to the Independent Auditor's Report on Financial Statements
(Continued)**

(Referred to in our report of even date)

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained..
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(e) is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(f) is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) Based on the information and explanations provided to us, the Company does not have a vigil mechanism and is not required to have a vigil mechanism as per the Act or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii)(a), 3(xii) (b) and 3(xii) (c) of the Order is not applicable.

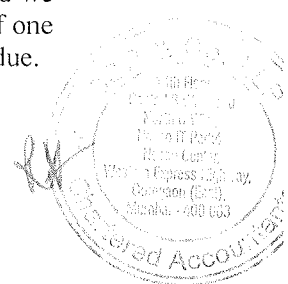


Nilkamal Storage System Private Limited

**Annexure A to the Independent Auditor's Report on Financial Statements
(Continued)**

(Referred to in our report of even date)

- (xiii) The Company is a private limited company and accordingly the requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, 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) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors 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. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



B S R & Co. LLP

Nilkamal Storage System Private Limited

**Annexure A to the Independent Auditor's Report on Financial Statements
(Continued)**

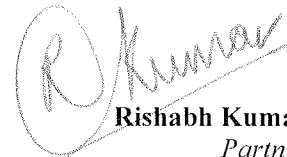
(Referred to in our report of even date)

- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Rishabh Kumar

Partner

Membership No: 402877

ICAI UDIN: 22402877AJKBXY9311

Place: Mumbai

Date: 22 May 2022

Nilkamal Storage Systems Private Limited

Balance Sheet

as at 31 March 2022

(Currency : Indian Rupees in Lakhs)

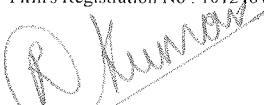
	Notes	31 March 2022	31 March 2021
ASSETS			
Non-Current assets :			
(a) Property, plant and equipment	3	1,649.04	1,841.23
(b) Capital work in progress	3	1,324.65	-
(c) Financial Assets			
(i) Investments	4	0.00	0.00
(ii) Other financials assets	5	17.14	20.08
(d) Current tax assets (net)	6	72.68	120.76
(e) Other non-current assets	7	190.90	143.32
Total Non-Current Assets		3,254.41	2,125.39
Current assets :			
(a) Inventories	8	5,567.52	2,942.80
(b) Financial Assets			
(i) Trade receivables	9	3,689.01	5,685.59
(ii) Cash and cash equivalents	10	126.34	1,014.59
(iii) Bank balance other than (ii) above	11	2.92	1.84
(iv) Loans	12	30.60	24.00
(v) Other Financial Assets	13	8.80	4.82
(c) Other current assets	14	853.79	812.02
Total Current Assets		10,278.98	10,485.66
Total Assets		13,533.39	12,611.05
EQUITY AND LIABILITIES			
Equity :			
(a) Equity share capital	15	444.00	444.00
(b) Other equity	16	9,109.06	8,694.89
Total equity		9,553.06	9,138.89
Non-Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	737.15	-
(ii) Lease liabilities	18	58.49	73.83
(b) Provisions	19	36.44	26.53
(c) Deferred tax liabilities (net)	20	19.15	49.21
Total Non-Current Liabilities		851.23	149.57
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	21	-	218.26
(ii) Trade payables	22		
a) total outstanding dues of micro enterprises and small enterprises		179.35	13.78
b) total outstanding dues of creditors other than micro enterprises and small		1,960.04	2,427.60
(iii) Lease Liabilities	23	19.60	33.02
(iv) Other financial liabilities	24	103.68	74.00
(b) Other current liabilities	25	755.55	545.08
(c) Provisions	26	110.88	43.87
Total Current Liabilities		3,129.10	3,355.61
Total Liabilities		13,533.39	12,644.07
Significant accounting policies			
The notes referred to above form an integral part of these financial statements	2 1 to 50		

As per our report of even date attached.

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No : 101248W/W-100022



Rishabh Kumar

Partner

Membership No: 402877

Mumbai
22 May 2022

For and on behalf of the Board of Directors of

Nilkamal Storage Systems Private Limited

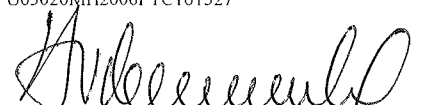
CIN: U63020MH2006PTC161327



Nayan V. Parekh

Director

DIN : 00037597



Hiten V. Parekh

Director

DIN : 00037550

Mumbai
22 May 2022

Nilkamal Storage Systems Private Limited

Statement of Profit and Loss

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

	Notes	31 March 2022	31 March 2021
I Income			
Revenue from operations	27	28,114.65	19,101.93
Other Income	28	34.39	191.58
Total Income		28,149.04	19,293.51
II Expenses			
Cost of material consumed	29	11,952.93	7,161.17
Purchases of stock-in-trade		9,107.85	5,524.09
Changes in inventories of finished goods, work in progress and stock-in-trade	30	(1,314.72)	(277.49)
Employee benefits expense	31	1,253.26	1,165.27
Finance costs	32	44.42	39.26
Depreciation and amortisation expenses	3	252.45	253.83
Other expenses	33	6,272.95	5,110.92
Total expenses		27,569.14	18,977.05
III Profit before tax (I - II)		579.90	316.46
IV Tax expenses	34(a)		
Current tax	34(a)	(184.09)	(78.60)
Deferred tax (charge)/credit (incl. Minimum alternate tax credit entitlement/(Utilisation))	34(b)	32.41	(5.58)
Excess Provision for tax in respect of previous years written back		(5.33)	5.30
Total tax expenses		(157.00)	(78.88)
V Profit for the year (III - IV)		422.90	237.58
VI Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit and loss:			
- Remeasurement Gain / (losses) on post employment defined benefits plans		9.32	25.84
- Income tax effect on above		(2.35)	(6.50)
Other comprehensive income (net of tax)		6.97	19.34
VII Total comprehensive income for the year (V + VI)		429.87	256.92
VIII Earning per equity share	41		
Nominal Value of Rs. 10 (Previous Year Rs.10)			
Basic and diluted earnings per share (in Rs.)		9.52	5.35
Significant accounting policies	2		
The notes referred to above form an integral part of these financial statements	1 to 50		

As per our report of even date attached.

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022


Rishabh Kumar
Partner

Membership No: 402877

Mumbai
22 May 2022

For and on behalf of the Board of Directors of

Nilkamal Storage Systems Private Limited

CIN: U63020MH2006PTC161327


Nayan S. Parekh
Director

DIN : 00037597


Hiten V. Parekh
Director

DIN : 00037550

Mumbai
22 May 2022

Nilkamal Storage Systems Private Limited

Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

(a) Equity share capital

Current reporting period ended 31 March 2022	Balance at the beginning of March 21	Changes in equity share capital due to prior period error	Restated balance at the beginning of previous reporting period	Changes in equity share capital during FY 21 - 22	Balance at the end of March 22
	444.00	-	-	-	444.00

Previous reporting period ended 31 March 2021	Balance at the beginning of March 20	Changes in equity share capital due to prior period error	Restated balance at the beginning of previous reporting period	Changes in equity share capital during FY 20 - 21	Balance at the end of March 21
	444.00	-	-	-	444.00

(b) Other equity

Particulars	Retained Earnings	Reserves & Surplus Securities Premium	Capital Reserve	General Reserve	Items of Remeasurme	Total other equity
Balance as at 01 April 2020	4,420.97	3,987.00	-	30.00	-	8,437.97
Profit for the year	237.58	-	-	-	-	237.58
Other comprehensive income for the year	19.34	-	-	-	-	19.34
Total comprehensive income for the year	256.92	-	-	-	-	256.92
Corporate tax on dividend	0.00	-	-	-	-	0.00
Balance as at 31 March 2021	4,677.89	3,987.00	-	30.00	-	8,694.89
Balance at the beginning of the reporting period	4,677.89	3,987.00	-	30.00	-	8,694.89
Profit for the year	422.90	-	-	-	-	422.90
Actuarial gain /(loss) on defined benefit plan net of tax	-	-	-	-	-	-
Cash flow Hedge Reserve	(15.70)	-	-	-	-	(15.70)
Other comprehensive income for the year	6.97	-	-	-	-	6.97
Total comprehensive income for the year	414.17	-	-	-	-	414.17
Balance as at 31 March 2022	5,092.06	3,987.00	-	30.00	0.00	9,109.06

As per our report of even date attached.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Rishabh Kumar

Partner

Membership No: 402877



Nayan S. Parekh

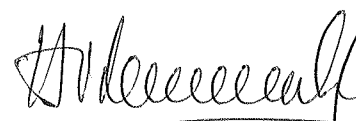
Director

DIN : 00037597

For and on behalf of the Board of Directors of

Nilkamal Storage Systems Private Limited

CIN: U63020MH2006PTC161327



Hiten V. Parekh

Director

DIN : 00037550

Mumbai
22 May 2022

Mumbai
22 May 2022

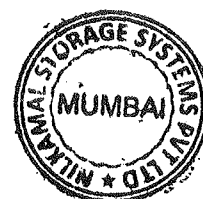
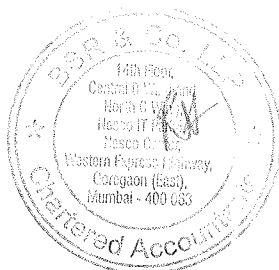
Nilkamal Storage Systems Private Limited

Cash Flow Statement

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

	31 March 2022	31 March 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax for the year	579.90	316.46
Adjustments for :		
Depreciation and amortisation expense	252.45	253.83
(Profit) / Loss on sale of property, plant and equipment (Net)	(8.76)	(25.64)
Non-cash expenses adjustment for Gratuity	9.32	25.84
Finance Costs	44.42	39.26
Provision for doubtful trade receivables and advances	1.21	(66.71)
Bad Debts Written off / (Back)	-	19.43
Interest Income	(24.76)	(92.18)
Unwinding of discount on security deposit	(0.87)	(1.01)
Provision for Rent Equalisation	2.16	2.16
	<u>275.18</u>	<u>155.99</u>
Operating Profit before Working Capital changes	855.08	472.45
Working capital adjustments:		
(Increase) in inventories	(2,624.72)	(396.23)
(Increase) in trade receivables	1,995.38	(70.92)
Decrease / (Increase) in Other Receivables	175.55	134.07
Increase / (Decrease) in Trade Payables	(302.00)	516.01
(Decrease) / Increase in Other Liabilities & Provisions	285.89	339.03
	<u>(469.91)</u>	<u>521.95</u>
Cash generated from / (used in) operation	(469.91)	521.95
Taxes Paid (Net of Refund)	<u>(223.09)</u>	<u>(165.69)</u>
	<u>(223.09)</u>	<u>(165.69)</u>
Net cash generated from / (used in) operating activities (A)	<u>162.07</u>	<u>828.71</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	25.63	93.19
Proceeds from sale of property, plant and equipment	44.79	42.45
Purchase of property, plant and equipment (Including Capital Advances and Capital Creditors)	(1,560.31)	(266.44)
Investment in Fixed Deposit (Net)	<u>(1.20)</u>	<u>17.97</u>
Net cash (used in) / generated from investing activities (B)	<u>(1,491.08)</u>	<u>(112.83)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Receipt / (Repayment) of Long term Borrowings	737.15	-
Increase / (Decrease) in Short Term borrowings (Net)	(218.26)	218.26
Interest on lease liabilities	(7.74)	(10.43)
Repayment of lease liabilities	(33.72)	(37.60)
Interest paid (net)	<u>(36.68)</u>	<u>(27.01)</u>
Net cash generated from / (used in) financing activities (C)	<u>440.75</u>	<u>143.22</u>
Net Increase / (Decrease) in cash and cash equivalents (A + B + C)	<u>(888.25)</u>	<u>859.09</u>
Cash and Cash Equivalents at the beginning of the year	1,014.59	155.50
Cash and cash equivalents at the end of the year	<u>126.34</u>	<u>1,014.59</u>
Net Increase / (Decrease) in cash and cash equivalents	<u>(888.25)</u>	<u>859.09</u>



Nilkamal Storage Systems Private Limited

(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Cash Flow Statement (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

31 March 2022

31 March 2021

Notes to the cash flow statement

1. Components of cash and cash equivalents

(a) Balance in Current Accounts	121.26	701.41
(b) Cash on Hand	5.08	3.18
(c) Bank Deposits with less than 3 months maturity	0.00	310.00
Cash and cash equivalents	126.34	1,014.59

2. Debt reconciliation statement in accordance with Ind AS 7

Opening balances

Short-term borrowing	218.26	-	-
----------------------	--------	---	---

Movements

Short-term borrowing	(218.26)	218.26	218.26
----------------------	----------	--------	--------

Closing balances

Short-term borrowing	-	218.26	218.26
----------------------	---	--------	--------

3 The Cash Flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard (Ind AS -7).

As per our report of even date attached.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Rishabh Kumar

Partner

Membership No: 402877

Mumbai

22 May 2022



Nayan S. Parekh

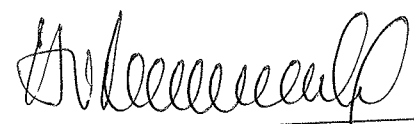
Director

DIN : 00037597

For and on behalf of the Board of Directors of

Nilkamal Storage Systems Private Limited

CIN: U63020MH2006PTC161327



Hiten V. Parekh

Director

DIN : 00037550

Mumbai

22 May 2022

Nilkamal Storage Systems private Limited

Notes to the standalone financial statements (Continued)

as at 31 March 2022

(Currency : Indian Rupees in Lakhs)

9A. Trade Receivables ageing :

Particulars	Year ended 31 March 2022							(` in lakhs)
	Unbilled	Not Due	Less than 6 months	6 months to 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Undisputed Trade Receivables - Considered Goods	-	65.28	3,055.16	283.42	263.18	16.42	27.10	3,710.56
Undisputed Trade Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade Receivables - Credit Impaired	-	-	0.01	0.85	1.44	7.02	12.23	21.55
Disputed Trade Receivables - Considered Goods	-	-	-	-	-	-	21.34	21.34
Disputed Trade Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	21.34	21.34
Total Trade Receivables	-	65.28	3,055.15	282.57	261.74	9.40	14.87	3,689.01

Particulars	Year ended 31 March 2021							(` in lakhs)
	Unbilled	Not Due	Less than 6 months	6 months to 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Undisputed Trade Receivables - Considered Goods	-	241.38	5,042.83	91.37	276.27	51.02	1.72	5,704.59
Undisputed Trade Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade Receivables - Credit Impaired	-	-	-	-	8.40	11.94	-	20.34
Disputed Trade Receivables - Considered Goods	-	-	-	-	-	3.53	19.15	22.68
Disputed Trade Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	2.19	19.15	21.34
Total Trade Receivables	-	241.38	5,042.83	91.37	267.87	40.42	1.72	5,685.59

Nilkamal Storage Systems private Limited

Notes to the standalone financial statements (Continued)

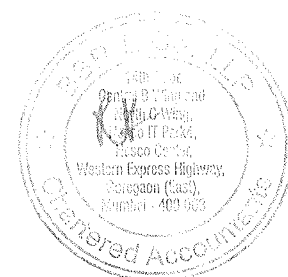
as at 31 March 2022

(Currency : Indian Rupees in Lakhs)

22A. Trade Payables ageing :

Particulars	Year ended 31st March, 2022						(` in lakhs)
	Unbilled	Not Due	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
Outstanding dues to MSME	-	153.86	25.49	-	-	-	179.35
Others	-	1,153.58	801.50	0.36	3.45	1.15	1,960.04
Disputed dues MSME	-	-	-	-	-	-	-
Disputed dues Others	-	-	-	-	-	-	-
Total Trade Payables	-	1,307.44	826.99	0.36	3.45	1.15	2,139.39

Particulars	Year ended 31st March, 2021						(` in lakhs)
	Unbilled	Not Due	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
Outstanding dues to MSME	-	9.41	4.37	-	-	-	13.78
Others	-	1,562.38	861.42	3.80	-	-	2,427.60
Disputed dues MSME	-	-	-	-	-	-	-
Disputed dues Others	-	-	-	-	-	-	-
Total Trade Payables	-	1,571.79	865.79	3.80	-	-	2,441.38



Nilkamal Storage Systems Private Limited

Notes to the financial statements

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

1 Background

Nilkamal Storage Systems Private Limited ("the Company") was incorporated on 24 April 2006 as a Private Limited Company. Previously it was a 50:50 Joint venture between Nilkamal Limited and Bito Lagertechnik Bittmann, Germany. On 22 August 2019, Nilkamal Limited acquired balance 50% stake in Nilkamal BITO Storage Systems Private Limited, and now it is a wholly owned subsidiary of Nilkamal Limited w.e.f. 23 August 2019. The Company has changed its name from Nilkamal BITO Storage Systems Private Limited to Nilkamal Storage Systems Private Limited w.e.f. 24 October 2019. The Company is engaged in the business of Material Handling Storage Systems.

2 Summary of significant accounting policies

a) Basis of preparation of financial statements

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the section 133 of the Companies Act 2013 ("the 2013 Act"), read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, and as amended from time to time. The financial statements were approved by the Company's board of directors on 25th June 2020.

Functional and presentation currency

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

Historical cost convention

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

- A) Certain financial assets and liabilities (including derivative instruments) that are measured at fair value
- B) Defined benefit plans-plan assets measured at fair value

Current/ non-current classification

The Schedule III of the Act requires assets and liabilities to be classified as either current or non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within twelve months after the balance sheet date; or
- d. it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at-least twelve months after the balance sheet date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in, the entity's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within twelve months after the balance sheet date; or
- d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a

liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss. The actual amounts realised may differ from these estimates.



Nilkamal Storage Systems Private Limited

(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

2 Summary of significant accounting policies (Continued)

b) Use of accounting estimates and judgments

Such estimates are reviewed at each reporting period and impact if any is given in current and future periods.

Estimates and assumptions are required in particular for:

(i) Determination of the estimated useful lives of tangible assets

Useful lives of tangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II for plant and machinery, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

(ii) Recoverability of deferred income tax assets

In determining the recoverability of deferred income tax assets, the Company primarily considers current and expected profitability of applicable operating business segments and their ability to utilise any recorded tax assets. The Company reviews its deferred income tax assets at every reporting period end, taking into consideration the availability of sufficient current and projected taxable profits, reversals of taxable temporary differences and tax planning strategies.

(iii) Measurement of defined benefit obligations and other employee benefit obligations

The Company's net obligation in respect of gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the other long-term employment benefits.

The present value of the obligation is determined based on actuarial valuation at the balance sheet date by an Independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

(iv) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Based on the internal reporting viewed by CODM, the Company is considered to be a single segment company – engaged in the manufacture of 'Material Handling Storage Systems of metal'. Consequently, the Company has, in its primary segment, only one reportable business segment.

c) Property, plant and equipment

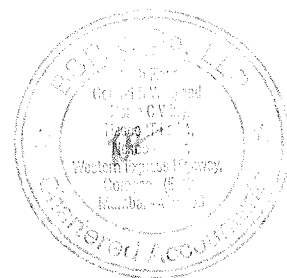
Measurement at recognition

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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 and is measured at cost. Subsequent to recognition, all items of property, plant and equipment (except for freehold land) are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

If the cost of an individual part of property, plant and equipment is significant relative to the total cost of the item, the individual part is accounted for and depreciated separately.

The cost of property, plant and equipment comprises its purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of decommissioning, restoration and similar liabilities, if any. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Items such as spare parts, stand-by equipments and servicing that meets the definition of property, plant and equipment are capitalised at cost and depreciated over the useful life. Cost of repairs and maintenance are recognised in the statement of profit and loss as and when incurred.



Nilkamal Storage Systems Private Limited

(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

2 Summary of significant accounting policies (Continued)

c) Property, plant and equipment (Continued)

Depreciation and amortisation

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed under Part C of Schedule II of the Act except for plant and machinery which is based on independent technical evaluation carried out by an external valuer and the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful life for plant and machinery of 10 years for continuous running is different from the useful life as prescribed under Part C of Schedule II of the Act.

Cost of Leasehold land is amortised over the period of lease.

Depreciation on additions / deletions is calculated on a pro-rata basis from the date of addition / upto the date of deletion.

Individual assets acquired for less than Rs. 15,000 are entirely depreciated in the year of acquisition.

Capital work in progress and Capital advances

Assets under Capital Work in Progress includes the cost of property, plant and equipment that are not ready to use at the balance sheet date. Advances paid to acquire property, plant and equipment before the balance sheet date are disclosed under Other Non Current Assets. Assets under Capital Work in Progress are not depreciated as these assets are not yet available for use.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the statement of profit or loss in the period the asset is derecognised.

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

Measurement at recognition

Intangible assets comprise primarily of computer software. Intangible assets are initially recorded at cost and subsequent to recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

d) Intangible assets

Amortisation

Software (intangible assets) is amortised on a straight-line basis over a period of 36 months from the date of its implementation or based on the management's estimate of useful life over which the economic benefits will be derived.

Derecognition

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the statement of profit or loss in the period the asset is derecognised.

e) Financial Instruments

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

(i) Non-derivative financial assets

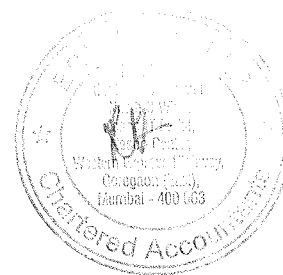
Initial recognition and measurement

The Company recognises a financial asset in its balance sheet when it become party to the contractual provisions of the instrument. 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 (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the statement of profit and loss at initial recognition if the fair value is determined through quoted market price in an active market for an identical asset (i.e level 1 input) or through a valuation technique that uses data from observable markets (i.e level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the statement of profit and loss only to the extent that such gain or loss arises due to a change in factor market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price irrespective of the fair value on initial recognition.



Nilkamal Storage Systems Private Limited

(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

2 Summary of significant accounting policies (Continued)

e) Financial Instruments (Continued)

(i) Non-derivative financial assets (Continued)

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- (i) The Company's business model for managing the financial asset and
- (ii) The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- (i) Financial assets measured at amortised cost.
- (ii) Financial assets measured at fair value through profit and loss (FVTPL).

(i) Financial assets measured at amortised cost

A financial asset is measured at the amortised cost if both the conditions are met :

- (a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows.
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans, deposits and other financial assets of the Company. Such financial assets are subsequently measured at amortised cost using the effective interest method.

The amortised cost of a financial asset is also adjusted for loss allowance, if any.

(ii) Financial assets measured at fair value through profit and loss (FVTPL).

A financial asset is measured at FVTPL unless it is measured at amortised cost or at Fair Value through Other Comprehensive Income (FVTOCI). Equity investments are measured at FVTPL unless the Company opts for an irrevocable option to measure them at FVOCI at inception. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognised in the statement of profit and loss.

Derecognition:

A financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. On derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the statement of profit and loss.

Impairment of financial assets:

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- (b) Trade receivables - The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Trade receivables are tested for impairment on a specific basis after considering the sanctioned credit limits, security like letters of credit, security deposit collected etc. and expectations about future cash flows.

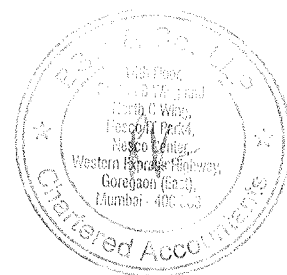
(ii) Non-derivative financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liabilities.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently carried at amortised cost; any difference between the initial carrying value and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest rate method. Other financial liabilities are recognised initially at fair value plus any directly attributable transaction costs.

Non-derivative financial liabilities of the Company comprise long-term borrowings, short-term borrowings, bank overdrafts and trade and other payables.



(Formerly known as Nilkamal BITO Storage Systems Private Limited)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

2 **Summary of significant accounting policies (Continued)**e) *Financial Instruments (Continued)*(ii) *Non-derivative financial liabilities (Continued)*

Subsequent measurement:

Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Derecognition:

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. When an existing financial liability is replaced from the same lender on substantially different terms, or 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 between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of profit and loss.

(iii) *Offsetting*

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

f) Cash Flow Hedges

The Company uses derivative financial instrument such as forward contracts and cross currency interest rate swaps to hedge its foreign currency risks and interest rate risks. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

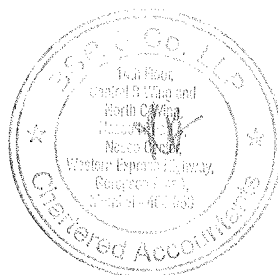
Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Profit and Loss, except for the effective portion of cash flow hedge, which is recognised in Other Comprehensive Income and accumulated in Cash Flow Hedge Reserve included in the Reserves and Surplus while any ineffective portion is recognised immediately in the Statement of Profit and Loss

For the purpose of hedge accounting, hedges are classified as:

Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability.

Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to particular risk associated with a recognised asset or liability.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.



Nilkamal Storage Systems Private Limited

(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

2 Summary of significant accounting policies (Continued)

g) Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. 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:

- (i) in the principal market for the asset or liability or
- (ii) 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 that categorises into three levels, as described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs).

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

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or Indirectly

Level 3 : inputs that are unobservable for the asset or liability

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

h) Valuation of Inventories:

Inventories of Raw Materials, Packing Materials, Stores and Spares, Work-in Progress, Traded goods and Finished goods are valued 'at cost and net realisable value' whichever is lower. Cost comprises all cost of purchase, appropriate direct production overheads and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used is 'Weighted Average Cost'. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Raw materials and other supplies held for use in the production of inventories are not written down below cost except in case where material prices have declined and it is estimated that the cost of the finished product will exceed its net realisable value.

i) Statement of cash flows

The Company's statement of cash flows are prepared using the Indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature if any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Cash and cash equivalents comprise cash and bank balances and short-term fixed bank deposits that are subject to an insignificant risk of changes in value. These also include bank overdrafts and cash credit facility that form an integral part of the Company's cash management.

j) Foreign Currency Transactions

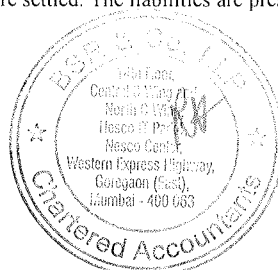
Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate as at the date of the transaction.

k) Employee benefits

(i) Short Term employee benefits

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 services are recognised in respect of employees services up to the end of the reporting period and are measured at the amount expected to be paid when liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.



Nilkamal Storage Systems Private Limited

(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

2 Summary of significant accounting policies (Continued)

(ii) Other long term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore 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. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(iii) Defined Benefit Plans

The liability or asset recognised in the balance sheet in respect of defined benefits gratuity plans is the present value of the defined benefits obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR 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 net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement 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. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost

Defined Contribution plans

The Company pays provident fund contributions to government administered provident funds as per local regulations. The company has no further payment obligations once the contribution have been paid. The contributions are accounted for as defined contribution plans and the contribution are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Bonus Plan

The Company recognises a liability and an expense for bonuses. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

l) Government grants:

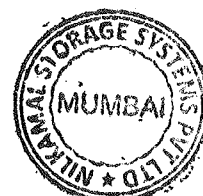
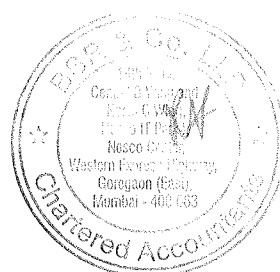
Grants received from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with the conditions.

Government grants related to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and are netted off with the expense in the statement of Profit and Loss.

Government grants related to purchase of property plant and equipment are included as deferred income and are credited to profit or loss on a straight line basis over expected life of the related asset and presented within other income.

m) Borrowing costs

Borrowing cost are interest and other cost incurred in connection with the borrowing of the funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised. Qualifying assets, are assets which necessarily take a substantial period of time to get ready for their intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.



Nilkamal Storage Systems Private Limited

(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

2 Summary of significant accounting policies (Continued)

n) Revenue Recognition

The Company derives revenues primarily from sale of manufactured goods, traded goods and related services.

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Performance Obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured based on transaction price which is fair value of the consideration received or receivable, after deduction of any discounts and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Interest income is recognized using the effective interest rate method.

o) Leases

Effective 1 April, 2019, the Company adopted IND AS 116 - Leases. The Company applied IND AS 116 using modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1st April 2019. The comparative information presented is not restated. It is presented as previously reported under IND AS 17.

p) Taxes on Income

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year/period as per the provisions of tax laws enacted in India and any adjustment to the tax payable or receivable in respect of previous years/periods. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii) Deferred tax

Deferred tax is recognised on deductible temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable income, the carry forward of unused tax losses and the carry forward of unused tax credits.

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

Presentation of current and deferred tax :

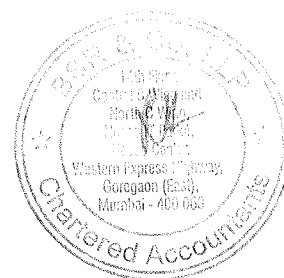
Current and deferred tax are recognised as income or an expense in the statement of profit and loss, except when they relate to items that are recognised in Other Comprehensive Income/ Equity, in which case, the current and deferred tax income/ expense are recognised in Other Comprehensive Income/ Equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when they relate to income taxes levied by the same taxation authority.

q) Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit attributable to equity shareholders for the period, by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed using the weighted average number of equity and dilutive (potential) equity equivalent shares outstanding during the period except where the results would be anti-dilutive.



Nilkamal Storage Systems Private Limited

(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)



2 Summary of significant accounting policies (Continued)

r) Provisions, contingent liabilities and contingent assets

A provision is recognized when there is a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and in respect of which reliable estimate can be made. At each Balance Sheet date, the carrying value of provisions is reviewed and adjusted to reflect the best current estimate. Contingent liabilities are not recognized but disclosed in the financial statements.

s) Investment and other financial assets

(i) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

t) Impairment of non-financial assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

u) Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

i. Ind AS 103 – Reference to Conceptual Framework - The amendments specify 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. These changes do not significantly change the requirements of Ind AS 103.

ii. Ind AS 16 – Proceeds before intended use - The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss

iii. Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract - The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts

iv. Ind AS 109 – Annual Improvements to Ind AS (2021) - The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability.

v. Ind AS 116 – Annual Improvements to Ind AS (2021) - The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration.

The Company is assessing the impact of these changes and will accordingly incorporate the same in the



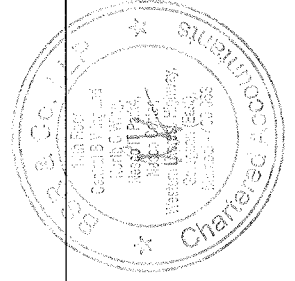
Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued) as at 31 March 2022

(Currency : Indian Rupees in Lakhs)

3 Property, plant and equipment

	Leasehold Land	Building	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Right to Use Asset (See note 1 below)	Total
Gross Block :									
Balance as at 1 April 2020	65.01	942.41	1,674.78	158.21	20.41	63.41	17.29	141.55	3,083.07
Additions	-	-	41.36	2.10	55.79	22.35	1.58	38.49	161.67
Disposals / Adjustments	-	-	37.51	-	8.98	1.27	-	52.72	100.48
Balance as at 31 March 2021	65.01	942.41	1,678.63	160.31	67.22	84.49	18.87	127.32	3,144.26
Balance as at 1 April 2021	65.01	942.41	1,678.63	160.31	67.22	84.49	18.87	127.32	3,144.26
Additions	-	-	56.92	5.33	-	28.19	0.78	5.07	96.29
Disposals / Adjustments	-	-	0.00	2.10	39.18	-	-	-	41.28
Balance as at 31 March 2022	65.01	942.41	1,735.55	163.54	28.04	112.68	19.65	132.39	3,199.27
Accumulated Depreciation :									
Balance as at 1 April 2020	4.00	166.76	784.13	55.15	11.75	33.58	16.19	36.14	1,107.70
Depreciation for the year	0.80	37.12	134.20	13.75	1.77	24.44	2.25	39.51	253.83
Disposals / Adjustments	-	-	26.12	-	4.18	0.66	-	27.55	58.51
Balance as at 31 March 2021	4.80	203.88	892.21	68.90	9.34	57.36	18.44	48.10	1,303.03
Balance as at 1st April 2021	4.80	203.88	892.21	68.90	9.34	57.36	18.44	48.10	1,303.03
Depreciation for the year	0.80	37.12	134.93	13.55	6.88	24.93	0.55	33.69	252.45
Disposals / Adjustments	-	-	0.00	0.29	4.96	-	-	-	5.25
Balance as at 31 March 2022	5.60	241.00	1,027.14	82.16	11.26	82.29	18.99	81.79	1,550.23
Net Block :									
As at 31 March 2021	60.21	738.53	786.42	91.41	57.88	27.13	0.43	79.22	1,841.23
As at 31 March 2022	59.41	701.41	708.41	81.38	16.78	30.39	0.66	50.60	1,649.04



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued) as at 31 March 2022

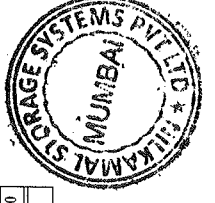
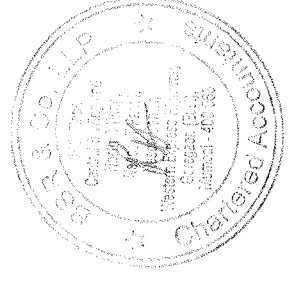
(Currency : Indian Rupees in Lakhs)

3 Property, plant and equipment (Continued)

Note 1

Details of Right of Use :

	Leasehold Land	Building	Vehicles	Total
Gross Block :				
Balance as at 1 April 2020	17.24	121.11	3.20	141.55
Additions	-	38.49	-	38.49
Disposals / Adjustment	-	52.72	-	52.72
Balance as at 31 March 2021	17.24	106.88	3.20	127.32
Balance as at 1 April 2021	17.24	106.88	3.20	127.32
Additions	-	5.07	-	5.07
Disposals /Adjustment	-	-	-	-
Balance as at 31 March 2022	17.24	111.95	3.20	132.39
Accumulated Depreciation :				
Balance as at 1 April 2020	0.20	34.95	0.99	36.14
Depreciation for the year	0.20	38.32	0.99	39.51
Disposals / Adjustments	-	27.55	-	27.55
Balance as at 31 March 2021	0.40	45.72	1.98	48.10
Balance as at 1 April 2021	0.40	45.72	1.98	48.10
Depreciation for the year	0.20	32.50	0.99	33.69
Disposals /Adjustments	-	-	-	-
Balance as at 31 March 2022	0.60	78.22	2.97	81.79
Net Block :				
As at 31 March 2021	16.84	61.16	1.22	79.22
As at 31 March 2022	16.64	33.73	0.23	50.60



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

as at 31 March 2022

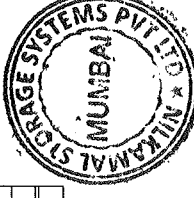
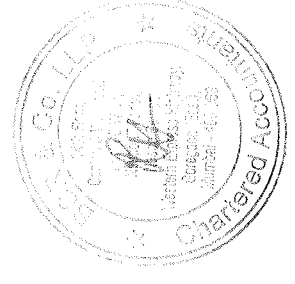
(Currency : Indian Rupees in Lakhs)

3 Property, plant and equipment (Continued)

Capital Work-in-progress (CWIP)

CWIP Amount in CWIP for a period of	Amount in CWIP for a period of 31 March 2022			
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years
Projects in progress	1,324.65	-	-	-
Projects temporarily suspended	-	-	-	-
	1,324.65	-	-	-
	1,324.65	-	-	-
	1,324.65	-	-	-
CWIP To be completed in	To be completed in			
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years
Project in progress				
Project 1	1,324.65	-	-	-
Temporarily Suspended				
Project 1	-	-	-	-
	1,324.65	-	-	-
	1,324.65	-	-	-
	1,324.65	-	-	-

CWIP Amount in CWIP for a period of	Amount in CWIP for a period of 31 March 2021			
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years
Projects in progress	-	-	-	-
Projects temporarily suspended	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
CWIP To be completed in	To be completed in			
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years
Project in progress				
Project 1	-	-	-	-
Temporarily Suspended				
Project 1	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

as at 31 March 2022

(Currency : Indian Rupees in Lakhs)

3 Property, plant and equipment (Continued)

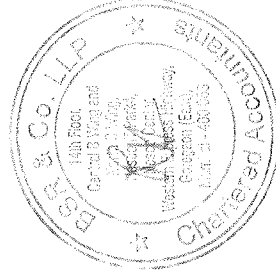
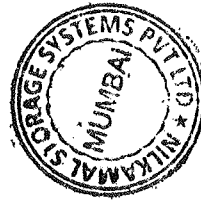
Notes :-

- a) The Company incurred Rs.111.92 lakhs for the year ended 31 March 2022 and Rs. 58.57 lakhs for the year ended 31 March 2021 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is Rs. 153.39 lakhs for the year ended 31 March 2022 and Rs.106.61 lakhs for the year ended 31 March 2021, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is Rs. 7.74 lakhs for the year 31 March 2022 and Rs.10.43 lakhs for the year 31 March 2021.

The Company's leases comprise of land, buildings and vehicles. The Company leases land and buildings for manufacturing and warehouse facilities.

- b) Maturity analysis of Undiscounted Contractual Future lease Outflow are as follows.

Period	Amount
Within one year	25.48
One to Five years	26.53
More than Five years	1,024.67



Nilkamal Storage Systems Private Limited

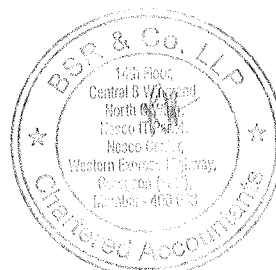
(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Notes to the financial statements (Continued)

as at 31 March 2022

(Currency : Indian Rupees in Lakhs)

	31 March 2022	31 March 2021
4 Investments (at cost)		
Investment in Nilkamal Foundation*	0.00	0.00
(31 March 2022 : 1 Share of Rs. 10/-, 31 March 2021 : 1 Share of Rs. 10/-)		
	<u>0.00</u>	<u>0.00</u>
All Investment in shares are fully paid up		
Aggregate amount of unquoted Investments *	0.00	0.00
* The amount represent below Rs. 1000		
5 Other financial Assets		
(Unsecured, considered good, unless otherwise stated)		
Security deposits	7.45	10.51
Bank Deposit (Maturity after 12 months from reporting date)*	9.69	9.57
	<u>17.14</u>	<u>20.08</u>
*Deposits earmarked with electricity board as earnest money deposit	9.00	-
6 Current tax assets (net)		
Current tax assets (net)	72.68	120.76
	<u>72.68</u>	<u>120.76</u>
7 Other non current assets		
(Unsecured, considered good, unless otherwise stated)		
Capital advances	190.90	143.32
	<u>190.90</u>	<u>143.32</u>
The Company has not given any advances to directors of the Company either severally or jointly with any other persons or advances to firm or any other companies respectively in which any director is partner or a member.		
8 Inventories		
(valued at lower of cost and net realisable value)		
a Raw materials and components	2,889.41	1,578.72
Goods in transit	0.07	0.87
	<u>2,889.48</u>	<u>1,579.59</u>
b Work -in-progress	169.87	110.69
c Finished goods (material handling storage systems of metal)	2,413.83	1,142.49
d Stock in Trade	59.64	75.43
e Stores, consumables and packing material	34.70	34.60
	<u>5,567.52</u>	<u>2,942.80</u>



Nilkamal Storage Systems Private Limited

(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Notes to the financial statements (Continued)

as at 31 March 2022

(Currency : Rupees in Lakhs)

	31 March 2022	31 March 2021
9 Trade receivables		
(a) Considered good - Secured	-	-
(b) Considered good - Unsecured	3,689.01	5,685.59
(c) With significant increase in credit risk	-	-
(d) Credit impaired	42.89	41.68
	<u>3,731.90</u>	<u>5,727.27</u>
Less: Allowance for credit impaired	(42.89)	(41.68)
	<u><u>3,689.01</u></u>	<u><u>5,685.59</u></u>

For trade receivables on hypothecation as security against borrowing (refer note 21)

Trade receivables (unsecured, considered good) includes Rs. 229.49 Lakhs (31 March 2021 Rs. 114.88 Lakhs) due from related parties (refer note 47)

Refer Note no 9A for ageing

10 Cash and cash equivalents

Cash and cash equivalents		
Cash on hand	5.08	3.18
Balances with banks		
- in current accounts	1.19	0.83
- in cash credit accounts	120.07	700.58
- in deposit accounts with original maturity of 3 months or less	-	310.00
	<u>126.34</u>	<u>1,014.59</u>

11 Bank balance other than those included in cash and cash equivalents

Other bank deposits with 3 to 12 months maturity	2.92	1.84
	<u>2.92</u>	<u>1.84</u>

12 Current loans

(Unsecured, considered good)

Employee Loans	30.60	24.00
	<u>30.60</u>	<u>24.00</u>

There are no loans or advances in the nature of loans granted to promoters, Directors, KMPs and their related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are:

- (a) repayable on demand; or
- (b) without specifying any terms or period of repayment

13 Other current financial assets

(Unsecured, considered good)

Interest accrued on fixed deposits	0.01	0.17
Security deposits	8.79	4.65
	<u>8.80</u>	<u>4.82</u>



Nilkamal Storage Systems Private Limited

(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Notes to the financial statements (Continued)

as at 31 March 2022

(Currency : Indian Rupees in Lakhs)

31 March 2022 31 March 2021

14 Other Current Assets

To parties other than related parties

a Earnest money deposits considered good	0.50	-
b Balance with Government authorities	493.08	627.57
c Advances to vendors	176.97	24.37
d Advance for expenses	125.20	115.64
e Others	58.04	44.44
	853.79	812.02

15 Equity Share Capital

Authorised

5,000,000 (Previous year - 5,000,000) equity shares of Rs.10 each	500.00	500.00
	500.00	500.00

Equity share capital

Issued, subscribed and paid up

4,440,000 (Previous year - 4,440,000) equity shares of Rs.10 each, fully paid up	444.00	444.00
	444.00	444.00

Promoter's Shareholdings

Sr No.	Shares held by the promoters at the end of the year Promoter Name	31 March 2022		
		No. of shares held	% of total shares	% Change during the year
1	Nilkamal Limited (Holding Company)	44,39,999	100.00%	-
2	Mr. Nayan Sharad Parekh (Nominee share on behalf of Holding Co)	1	0.00%	-
		44,40,000	100.00%	-

16 Other equity

(a) Securities Premium

At the commencement and end of the year	3,987.00	3,987.00
	3,987.00	3,987.00

(b) General Reserve

At the commencement and end of the year	30.00	30.00
	30.00	30.00

(c) Retained Earnings

At the commencement of the year	4,677.89	4,420.97
Profit during the year	422.90	237.58
Items of other comprehensive Income recognised directly in retained earnings		
- Remeasurement Gain / (losses) on post employment defined benefits plans, net of tax	6.97	19.34
	5,107.76	4,677.89

(d) Items of the Other Comprehensive income

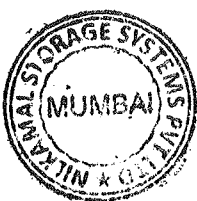
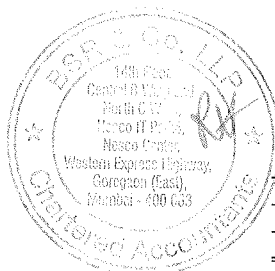
Cash flow Hedge Reserve (Refer note 45)

At the commencement of the year	-	-
Add / Less : Net gain/ (loss) recognise on cash flow hedge	(15.70)	-
	-	-
At the end of the year	(15.70)	-
	9,109.06	8,694.89

Nature and purpose of reserves

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 investors. This includes remeasurement of defined benefit plans arising due to actuarial valuation of gratuity, that will not be routed through Statement of profit and loss subsequently.



Nilkamal Storage Systems Private Limited

(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Notes to the financial statements (Continued)

as at 31 March 2022

(Currency : Indian Rupees in Lakhs)

31 March 2022 31 March 2021

17 Borrowings - Non Current Financial Liabilities

Secured Loans

Term loan from bank

737.15

-

737.15

-

* Term loan having interest rate of 10.95% p.a. .repayment of Term Loan will be made in 12 quaterly installement, after a moratorium of 18 months (i.e. upto May 2023). Term loan from banks are secured on hypothecation of moveable tangible assets

18 Other Non-Current Financial Liabilities

Lease liabilities

58.49

73.83

58.49

73.83

19 Non-Current Provisions

Provision for employee benefits :

Compensated absences (Refer Note. 46)

36.44

26.53

36.44

26.53

20 Deferred Tax Liabilities (net)

Major Component of deferred tax assets and liabilities arising on account of timing difference are:

Deferred tax liabilities

Depreciation and Amortisation

77.05

88.91

77.05

88.91

Deferred tax assets

Compensated absences

20.34

18.47

Provision for doubtful debts

10.79

10.49

Disallowance under income Tax Act

26.77

10.74

57.90

39.70

Deferred Tax Liabilities (net)

19.15

49.21



Nilkamal Storage Systems Private Limited

(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Notes to the financial statements (Continued)

as at 31 March 2022

(Currency : Indian Rupees in Lakhs)

31 March 2022 31 March 2021

21 Borrowings - Current Financial Liabilities

Secured Loans

Cash credit facility from banks	-	218.26
	-	218.26

22 Trade Payables

a total outstanding dues of micro and small enterprises (refer note 37)	179.35	13.78
b total outstanding dues of creditors other than micro and small enterprises	1,960.04	2,427.60
	2,139.39	2,441.38

Trade payable includes Rs. 595.28 Lakhs (31 March 2021 Rs. 1264.09 Lakhs) due to related parties (refer note 47)

Refer Note no 22A for ageing

23 Lease Liabilities

a Lease Liabilities	19.60	33.02
	19.60	33.02

24 Other financial liabilities

a Capital creditors	50.22	3.75
b Employee benefits payable	37.76	37.23
d Derivative Liability	15.70	-
	103.68	40.98

There are no amount due for payment to the investor Education and Protection Fund under section 125 of the Companies Act 2013 as on 31 March 2022 (31 March 2021 : Nil)

25 Other current liabilities

a Advance from customers	689.36	494.69
b Statutory dues payable		
i Tax deducted at source	38.14	28.96
ii Provident fund, ESIC, profession tax	10.02	10.11
iii GST	15.44	8.73
d Others	2.59	2.59
	755.55	545.08

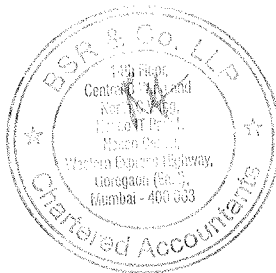
26 Current Provisions

(a) Provision for employee benefits

Gratuity		
Compensated absences (Refer note 46)	44.40	43.87

(b) Others Provisions

Provision Others (Refer note 37)	66.48	-
	110.88	43.87



Nilkamal Storage Systems Private Limited

(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

	31 March 2022	31 March 2021
27 Revenue from operations (refer note 34)		
Sale of products		
(i) Manufactured goods (material handling storage systems of metal)		
Local	14,096.88	9,884.47
Export	-	16.55
(ii) Traded goods	11,769.62	7,008.91
Sale of services		
Erection charges	1,981.25	1,792.15
Other operating revenues		
Process waste sale	202.01	131.71
Others	64.89	268.14
	28,114.65	19,101.93
28 Other Income		
Interest income on fixed deposits	13.12	89.50
Interest income others	11.64	2.68
Profit on sale of fixed assets	8.76	25.64
Unwinding of discount on security deposit	0.87	1.01
Provision for doubtful trade receivables and advances	-	66.71
Gain/Loss on Cancellation of Lease	-	6.04
	34.39	191.58
29 Cost of materials consumed		
Raw materials and components	11,952.93	7,161.17
Opening stock	1,579.59	1,456.79
Add Purchases	13,262.83	7,283.97
	14,842.42	8,740.76
Less Closing stock	2,889.48	1,579.59
	11,952.93	7,161.17
30 Changes in inventories of finished goods, work in progress and stock-in-trade		
Opening stock		
Finished goods (material handling storage systems of metal)	1,142.49	911.50
Work in progress	110.69	112.86
Stock in trade	75.43	26.76
	1,328.61	1,051.12
Closing Stock		
Finished goods (material handling storage systems of metal)	2,413.82	1,142.49
Work in progress	169.87	110.69
Stock in trade	59.64	75.43
	2,643.33	1,328.61
	(1,314.72)	(277.49)



Nilkamal Storage Systems Private Limited

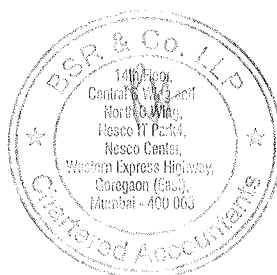
(Formerly known as Nilkamal BITO Storage Systems Private Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

	31 March 2022	31 March 2021
31 Employee benefits expense		
Salaries, wages and bonus	1,154.23	1,078.16
Contribution to provident and other funds (refer note 46)	61.08	59.28
Staff welfare expenses	37.95	27.83
	1,253.26	1,165.27
32 Finance costs		
Interest on Financial Liabilities	6.63	3.32
Interest Expense on Lease Liabilities	7.74	10.43
Other borrowing cost	30.05	25.51
	44.42	39.26
33 Other expenses		
(a) Consumption of stores and spares, etc.	1,052.46	643.59
(b) Power and fuel	88.52	73.41
(c) Labour charges	240.44	295.34
(d) Erection charges	2,701.39	2,464.27
(e) Carriage outward	669.11	355.52
(f) Technical and management fees	522.33	476.56
(g) Rent	110.12	57.09
(h) Repairs and maintenance		
(i) Buildings	15.36	0.54
(ii) Others	30.63	31.56
(i) Insurance	41.85	33.84
(j) Rates and taxes	1.17	1.73
(k) Travelling and conveyance	436.83	404.68
(l) Lease rent	1.80	1.49
(m) Payment to auditors		
-Audit fees	8.21	8.00
-In other capacity	-	0.20
-Reimbursement of expenses	0.24	0.29
(n) Bank charges	14.41	49.62
(o) Legal and professional fees	76.58	56.35
(p) Bad debts written off	-	19.43
(q) Provision for doubtful trade receivables and advances	1.21	-
(r) Net loss on account of foreign exchange fluctuations	8.59	1.21
(s) Deputation charges	19.03	16.41
(t) Corporate social responsibility expenses (Refer note 43)	21.21	26.60
(u) Miscellaneous expenses	211.46	93.19
	6,272.95	5,110.92



Nilkamal Storage Systems Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

34 Revenue from Contract from Customer

A. Revenue Streams

The Company generates revenue primarily from the sale of storage systems of metal and accessories to its customers. Other sources of revenue include Sale of services.

	31 March 2022	31 March 2021
Revenue from Contracts with Customers		
Sale of Products	25,866.50	16,909.93
Sale of Services	1,981.25	1,792.15
Other Operating revenue		
Sale of Scrap	202.01	131.71
Others	64.89	268.14
Total Revenue	28,114.65	19,101.93

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

Particulars	Product Category		Total	
	Storage Systems of Metal and Accessories, Related Trading & Services & Commission Services			
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Primary geographical markets				
Domestic Revenue	28,114.65	19,085.38	28,114.65	19,085.38
Export sales	-	16.55	-	16.55
	28,114.65	19,101.93	28,114.65	19,101.93
Revenue types				
Sale of products	25,866.50	16,909.93	25,866.50	16,909.93
Sale of Services	1,981.25	1,792.15	1,981.25	1,792.15
Sale of Scrap	202.01	131.71	202.01	131.71
Others	64.89	268.14	64.89	268.14
	28,114.65	19,101.93	28,114.65	19,101.93
Timing of revenue recognition				
Products Transferred at a point in time	28,114.65	19,101.93	28,114.65	19,101.93
Revenue from contracts with customers	28,114.65	19,101.93	28,114.65	19,101.93
Revenue as reported	28,114.65	19,101.93	28,114.65	19,101.93

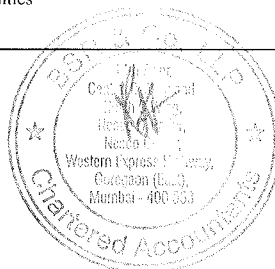
C. Reconciliation of Revenue from operation with Contract price

	31 March 2022	31 March 2021
Contract Price	28,130.63	19,122.29
Less: Discounts	15.98	20.36
Total Revenue from Operation	28,114.65	19,101.93

D. Contract balances

The following table provides information about receivables from contracts with customers.

	Note	31 March 2022	31 March 2021
Advance from customer, which are included in 'Other Current Liabilities'	24	689.36	494.69
Receivables, which are included in 'Trade receivables'	9	3,689.01	5,685.59



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

35 (a) Tax expense

(a) Amounts recognised in profit and loss

	For the year ended 31 March 2022	For the year ended 31 March 2021
Current income tax	184.09	78.60
Adjustment in respect of current income tax of previous	5.33	(5.30)
Current income tax (net)	189.42	73.30
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	(32.41)	5.58
Reduction in tax rate	-	-
Deferred tax expense/ (credit)	(32.41)	5.58
Tax expense for the year	157.00	78.88
Effective tax rate for the year	27.58%	25.81%

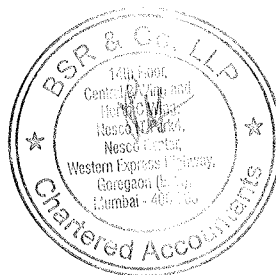
(b) Amounts recognised in other comprehensive income

	For the year ended 31 March 2022			For the year ended 31 March 2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability (asset)	9.32	(2.35)	6.97	25.84	(6.50)	19.34
	9.32	(2.35)	6.97	25.84	(6.50)	19.34

(c) Reconciliation of effective tax rate

	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax	579.90	316.46
Tax using the Company's domestic tax rate	25.17%	25.17%
Reduction in tax rate	-	-
Tax effect of:		
Tax effects of amounts which are not deductible for taxable income	0.02%	8.41%
Excess Provision for tax in respect of previous years written back	0.92%	-1.67%
Others	1.48%	-6.09%
	27.58%	25.81%

The applicable Indian corporate statutory tax rate for the year ended 31 March 2022 and 31 March 2021 is 25.168%



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

35 (b) Tax expense

(a) Movement in deferred tax balances

	Net balance 1 April 2021	Recognised in profit or loss during the year	Recognised in Other Comprehensive Income	Balance as at 31 March 2022	Deferred tax asset	Deferred tax liability
Deferred tax asset / (liabilities)						
Property, plant and equipment	(88.91)	11.86	-	(77.05)	-	(77.05)
Employee benefits	21.77	4.21	(2.35)	23.63	23.63	-
Provision for Doubtful Debts / Advances	10.48	0.30	-	10.79	10.79	-
Other provisions	7.44	-	-	7.44	7.44	-
Tax assets (Liabilities)	(49.22)	16.37	(2.35)	(35.19)	41.86	(77.05)

(b) Movement in deferred tax balances

	Balance 1 April 2020	Recognised in profit or loss during the year	Recognised in Other Comprehensive Income	Balance as at 31 March 2021	Deferred tax asset	Deferred tax liability
Deferred tax asset / (liabilities)						
Property, plant and equipment	(88.52)	(0.39)	-	(88.91)	-	(88.91)
Employee benefits	15.37	12.90	(6.50)	21.77	21.77	-
Provision for Doubtful Debts / Advances	27.28	(16.79)	-	10.49	10.49	-
Other provisions	8.74	(1.29)	-	7.44	7.44	-
Tax assets (Liabilities)	(37.13)	(5.58)	(6.50)	(49.21)	39.70	(88.91)

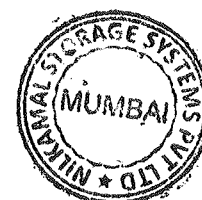
The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

The Company have elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company have recognised provision for income tax for the year ended 31 March 2021 and re-measured its deferred tax balances basis the rate prescribed in the said Section. The full impact of this change has been recognised in the statement of profit and loss account for the year ended 31 March 2021.

The Company has reviewed its income tax treatments in order to determine whether Appendix C of Ind AS 12 effective from 1 April 2019 could have an impact on the financial statements and concluded that it has no material impact on the Company's financial statements

During the year, the Company has not surrendered or disclosed any income in the tax assessment under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961). Accordingly there are no transaction which are not recorded in the books of accounts.



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

36 Contingent liabilities and commitments

a) Contingent liabilities

	31 March 2022	31 March 2021
Excise matters	464.08	102.39

The Excise demands are being contested by the Company at various levels. The Company has been legally advised that it has a good case and demands by the authorities are not tenable. Future cash flows in respect of these are determinable only on receipt of judgements/ decisions pending with various forums/ authorities.

b) Commitments

	31 March 2022	31 March 2021
Estimated net amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3.08	915.46

37 Other provisions:

	31 March 2022	31 March 2021
Opening Balance	-	-
Addition	66.48	-
Utilisations / Reversals	-	-
Closing Balance	66.48	-

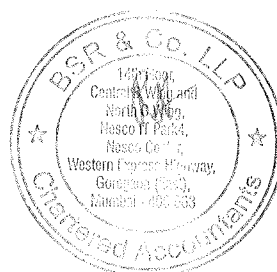
38 Dues Micro and Small Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, there are no outstanding dues to the Micro and Small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 except as stated below.

Particulars	31 March 2022	31 March 2021
Principal amount remaining unpaid to any supplier as at the year end	179.35	13.78
Interest due thereon	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
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 period) but without adding the interest specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
Interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises	-	-

39 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker (CODM). Based on the internal reporting viewed by CODM, the Company is considered to be a single segment company – engaged in the manufacture of 'Material Handling Storage Systems of metal'. Consequently, the Company has, in its primary segment, only one reportable business segment. Revenue from two customers is Rs. 9201.47 Lakhs (previous year revenue from One customer: Rs. 7972.13 Lakhs) which is more than 10% of the company's total revenue.



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

40 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using debt to equity ratio.

	31 March 2022	31 March 2021
Total Debt	737.15	218.26
Total equity	9,553.06	9,138.89
Debt to equity ratio	8%	2%

41 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

	31 March 2022	31 March 2021
i. Profit attributable to Equity holders of Company		
Face value per share	10	10
Profit attributable to equity holders of the Company:	422.90	237.58
ii. Weighted average number of ordinary shares		
Weighted average number of shares at 31 March for basic EPS	44.40	44.40
Basic and Diluted earnings per share	9.52	5.35

42 Operating Lease :

Operating Lease in respect of property and other assets taken on Lease:

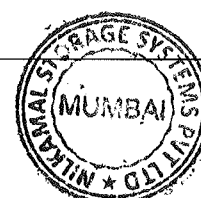
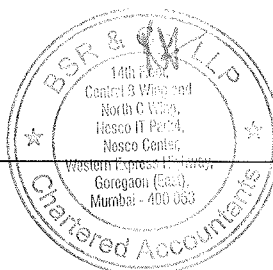
Particulars	31 March 2022	31 March 2021
Lease payments recognised in the Statement of Profit and Loss	111.92	58.57

The Company's leasing arrangements are in respect of operating leases for premises, offices, warehouses and vehicles. Most of these leasing arrangements are cancellable and are usually renewable by mutual consent on mutually agreeable terms. Cancellable lease rentals are accounted for on accrual basis over the term of the lease and charged to statement of Profit and Loss.

43 Corporate social responsibility

As required by Section 135 of Companies Act, 2013 and rules therein, a Corporate social responsibility committee has been formed by the Company. The Company has spent amount during the year towards corporate social responsibility (CSR) for activities listed under schedule VII of the Companies Act, 2013

	31 March 2022	31 March 2021
(i) Amount required to be spent by the Company during the year.	21.14	26.57
(ii) Amount of expenditure incurred	21.21	26.60
(iii) Shortfall at the end of the year	-	-
(iv) Total of previous years' shortfall	-	-
(v) Reason for the above shortfall	NA	NA
(vi) Nature of CSR activities	Contribution towards Infrastructure of Educational & Medical Activities	Contribution to section 8 Company
(vii) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per Ind AS 24, Related Party Disclosures.	-	Contribution of ₹ 26.60 lakhs to Nilkamal foundation section 8 Company
(viii) Where a provision is made with respect to a liability incurred by entering into contractual obligation, the movements in the provision during the year	-	-



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

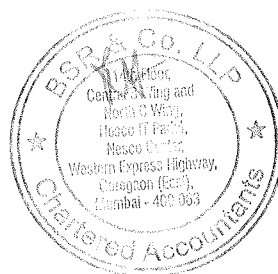
44 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2022	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non Current								
Investments								
Loans					-	-	-	-
Security Deposits	-	-	-	-	-	-	-	-
Other Non current financial assets	-	-	17.14	17.14	-	-	-	-
Current								
Trade receivables	-	-	3,689.01	3,689.01	-	-	-	-
Cash and cash equivalents	-	-	126.34	126.34	-	-	-	-
Other bank balances	-	-	2.92	2.92	-	-	-	-
Loans								
Employee loans	-	-	30.60	30.60	-	-	-	-
Security Deposits	-	-	8.79	8.79	-	-	-	-
Other current financial assets	-	-	0.01	0.01	-	-	-	-
	-	-	3,874.81	3,874.81	-	-	-	-
Financial liabilities								
Non-Current Borrowings	-	-	737.15	737.15	-	-	-	-
Trade payables	-	-	2,139.39	2,139.39	-	-	-	-
Derivative liabilities	-	15.70	15.70	15.70	-	15.70	-	-
Lease Liabilities	-	-	19.60	19.60	-	-	-	-
Other financial liabilities	-	-	103.68	103.68	-	-	-	-
	-	15.70	2,999.82	3,015.52	-	-	-	-

31 March 2021	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non Current								
Investments								
Other Non current financial assets	-	-	20.08	20.08	-	-	-	-
Current								
Trade receivables	-	-	5,685.59	5,685.59	-	-	-	-
Cash and cash equivalents	-	-	1,014.59	1,014.59	-	-	-	-
Other bank balances	-	-	1.84	1.84	-	-	-	-
Loans								
Employee loans	-	-	24.00	24.00	-	-	-	-
Other current financial assets	-	-	4.82	4.82	-	-	-	-
	-	-	6,750.92	6,750.92	-	-	-	-
Financial liabilities								
Borrowings	-	-	218.26	218.26	-	-	-	-
Trade payables	-	-	2,441.38	2,441.38	-	-	-	-
Lease Liabilities	-	-	33.02	33.02	-	-	-	-
Other financial liabilities	-	-	74.00	74.00	-	-	-	-
	-	-	2,766.66	2,766.66	-	-	-	-



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

44 Financial instruments – Fair values and risk management (Continued)

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 fair values

Financial instruments measured at fair value

Type	Valuation technique
Forward Contracts	The fair value is determined using forward exchange rates at the reporting date.
Security Deposits	The valuation model considers present value of expected payments discounted using an appropriate discounting rate.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. 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 board of directors is responsible for developing and monitoring the Company's risk management policies.

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.



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2022

(Currency : Rupees in Lakhs)

44 Financial instruments – Fair values and risk management (Continued)

Financial risk management (Continued)

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade receivables and loans and advances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the geography in which it operates. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Credit risk is limited to the risk arising from the inability of a customer to make payment when due. It is the Company's policy to provide credit terms only to creditworthy customers. These debts are continually monitored and therefore, the Company does not expect to incur material credit losses.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables and loans and advances.

Impairment

The ageing of trade receivables was as follows.

	Carrying amount	
	31 March 2022	31 March 2021
Neither past due nor impaired	79.40	2,790.54
Past due 1–90 days	2,620.60	2,196.08
Past due 91–180 days	443.60	248.86
Past due 181–270 days	127.61	51.88
Past due 271–360 days	134.26	10.18
More than 361 days	326.44	429.73
	<u>3,731.90</u>	<u>5,727.26</u>

The loans and advances consist of mainly Security deposits with landlords and employee loans and are fully recoverable

Credit risk exposure

Management believes that the unimpaired amounts which are past due are collectible in full.

	Trade receivables Impairments
Balance as at 31 March 2020	108.39
Impairment loss recognised	8.40
Balance written back	(55.67)
Amounts written off	(19.44)
Balance as at 31 March 2021	<u>41.68</u>
Impairment loss recognised	8.28
Balance written back	(6.69)
Amounts written off	(0.38)
Balance as at 31 March 2022	<u>42.89</u>

Cash and cash equivalents and other bank balances:

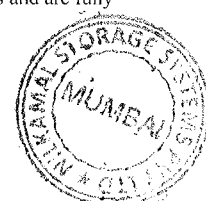
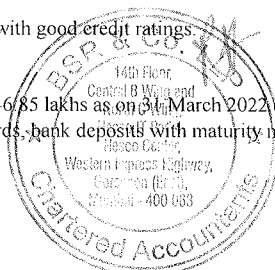
The Company held cash and cash equivalents and other bank balances of Rs.129.26 Lakhs as on 31 March 2022 (31 March 2021: Rs. 1016.43 Lakhs). The cash and cash equivalents and other bank balances are held with bank

Derivatives:

The derivatives are entered into with bank counterparties with good credit ratings

Loans and Other financial assets:

The Company held loans and other financial assets of Rs.46.85 lakhs as on 31 March 2022 (Previous year Rs. 39.33 lakhs) The loans and other financial assets are in nature of rent deposit paid to landlords, bank deposits with maturity more than twelve months and others and are fully recoverable.



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

44 Financial instruments – Fair values and risk management (Continued)

Financial risk management (Continued)

iii. 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.

As of 31 March 2022 and 31 March 2021 the Company had unutilized credit limits from banks of Rs. 2,000.00 Lakhs and Rs.881.74 Lakhs respectively.

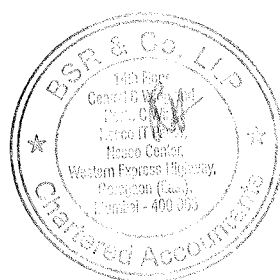
Maturity profile of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31 March 2022	Carrying amount	Total	Contractual cash flows				
			Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Working Capital loans from banks	-	-	-	-	-	-	-
Trade and other payables	1,960.04	1,960.04	1,960.04	-	-	-	-
Lease liabilities	78.10	78.10	9.64	9.96	7.48	2.01	49.00
Other financial liabilities	84.07	84.07	84.07	-	-	-	-
Derivative financial liabilities							
Forward exchange contracts used for hedging	-	-	-	-	-	-	-
- Outflow	15.70	15.70	15.70	-	-	-	-

31 March 2021	Carrying amount	Total	Less than 6 months	Contractual cash flows			
				6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Working Capital loans from banks	218.26	218.26	218.26	-	-	-	-
Trade and other payables	2,427.60	2,427.60	2,427.60	-	-	-	-
Lease liabilities	106.85	106.85	21.52	11.51	18.07	2.12	53.63
Other financial liabilities	7.96	7.96	7.96	-	-	-	-

The gross outflows / (inflows) disclosed in the above table represent the contractual undiscounted cash flows relating to the financial liabilities which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

44 Financial instruments – Fair values and risk management (Continued)

Financial risk management (Continued)

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Company is exposed to currency risk on account of its trade payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Exposure to currency risk(Exposure in different currencies converted to functional currency i.e. Rupees)

The currency profile of financial assets and financial liabilities as at 31 March 2022 and 31 March 2021 are as below:

	31 March 2022 EURO	31 March 2022 USD	31 March 2022 GBP
Financial assets			
Trade and other receivables	-	-	-
	-	-	-
Financial liabilities			
Trade payables	-	-	-
	-	-	-

	31 March 2021 EURO	31 March 2021 USD	31 March 2021 GBP
Financial assets			
Trade and other receivables	-	16.62	-
	-	16.62	-
Financial liabilities			
Trade payables	-	-	-
	-	-	-

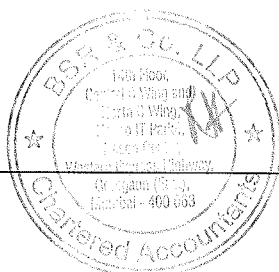
The following significant exchange rates have been applied during the year.

	Year-end spot rate	
	31 March 2022	31 March 2021
INR		
USD 1	83.14	73.11
EUR1	-	85.71
GBP1	-	100.71

Sensitivity analysis

A reasonably possible strengthening (weakening) of the foreign currency against the Indian Rupees at 31 March would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in Rupees	31 March 2022 Profit or loss		31 March 2021 Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
USD - 3% Movement	-	-	0.50	(0.50)
EUR - 3% Movement	-	-	-	-
GBP - 3% Movement	-	-	-	-



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

44 Financial instruments – Fair values and risk management (Continued)

Financial risk management (Continued)

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

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	31 March 2022	31 March 2021
Borrowings		
Fixed rate borrowings	-	-
Variable rate borrowings	737.15	218.26
Total	737.15	218.26

Fair value sensitivity analysis for fixed-rate instruments

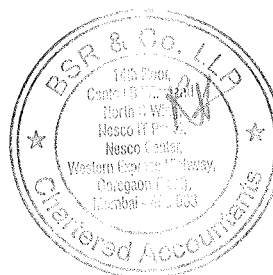
The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or (loss)	
	100 bp increase	100 bp decrease
31 March 2022		
Variable-rate instruments	(7.37)	7.37
Cash flow sensitivity (net)	(7.37)	7.37
31 March 2021		
Variable-rate instruments	(2.18)	2.18
Cash flow sensitivity (net)	(2.18)	2.18

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



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued) as at 31 March 2022

(Currency : Indian Rupees in Lakhs)

45 Hedge accounting

The Company's risk management policy is to hedge its estimated foreign currency exposure in respect of highly probable forecast purchases and foreign currency borrowings. The Company uses forward exchange contracts to hedge its currency risk and cross currency interest rate swap to hedge its interest rate and currency risk related to foreign currency borrowings. Such contracts are generally designated as cash flow hedges.

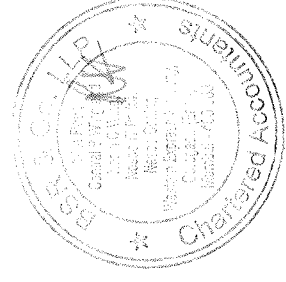
The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in the cash flows of the hedged item using the hypothetical derivative method.

a. Disclosure of effects of hedge accounting on financial position

Cash flow hedge - Forward exchange contracts

31 March 2022

Type of hedge and risks	Currency	Nominal Value (Currency in lakhs)	Carrying amount of hedging instrument (in INR)	Line item in the statement of financial position where the hedging instrument is included	Maturity date	Hedge ratio	Weighted Average strike price/rate	Changes in fair value of the hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
Cash flow hedge									
Forward and Option contracts	USD	10.52	-	15.70 Other current financial liabilities	17-05-2022	1:1	75.79	(15.70)	15.70



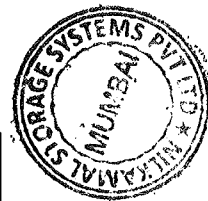
Notes to the Financial Statements (Continued)
as at 31 March 2022

45 Hedge accounting (Continued)

Cash flow hedge - Forward exchange contracts

Type of hedge and risks	Currency	Nominal Value (Currency in lakhs)	Carrying amount of hedging instrument (in INR)	Line item in the statement of financial position where the hedging instrument is included	Maturity date	Hedge ratio	Weighted Average strike price/ rate	Changes in fair value of the hedging instrument	Change in the value of hedged item used as the basis for recognising hedge
Cash flow hedge									
Forward and Option contracts	USD	-	-	Assets					
				Liabilities					
				Other current financial liabilities					

	Change in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit or loss because of the reclassification
31 March 2022				
Cash flow hedge	(15.70)	-	-	Foreign exchange loss
	Change in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit or loss because of the reclassification
31st March, 2021				
Cash flow hedge	-	-	-	Foreign exchange loss



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued) as at 31 March 2022

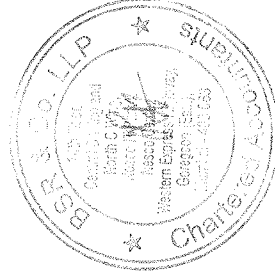
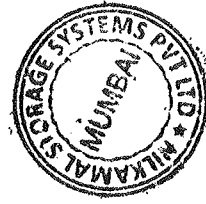
(Currency : Indian Rupees in Lakhs)

45 Hedge accounting (Continued)

c. The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting

Movements in cash flow hedging reserve

Balance at 1 April 2020	-
Add : Changes in the fair value of effective portion of outst	-
Less : Amounts reclassified to profit or loss	-
Less: Deferred tax	-
As at March 31, 2021	-
Add : Changes in the fair value of effective portion of outst	(15.70)
Less : Amounts reclassified to profit or loss	-
Less: Deferred tax	-
As at March 31, 2022	(15.70)



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

46 Employment benefits obligation

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The contributions to the Provident Fund and Family Pension Fund of certain employees are made to a Government administered Provident Fund and there are no further obligations beyond making such contribution. The Company recognised Rs.61.08 Lakhs for the year ended 31 March 2022 (Previous Year Rs. 59.28 Lakhs) for provident and other fund contributions in the Statement of Profit and Loss.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Defined Benefit Plan:

A. Gratuity

The Company participates in the Employees' Gratuity scheme, a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on death or on separation / termination in terms of the provisions of the Payment of Gratuity (Amendment) Act, 1997.

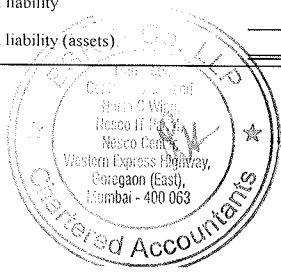
The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	Gratuity	
	31 March 2022	31 March 2021
Defined benefit obligation	131.48	118.90
Fair value of Plan Assets at the end of the year	137.21	131.74
Net Obligation at the end of the year	(5.73)	(12.84)

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

	Defined benefit obligation		Gratuity Fair value of plan assets		Net defined benefit (asset) liability	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Opening balance	118.90	97.91	131.74	99.06	(12.84)	(1.15)
Included in statement of profit or loss	-	-	8.73	6.44	(8.73)	(6.44)
Current service cost	17.65	19.50	-	-	17.65	19.50
Past service cost	-	-	-	-	-	-
Interest cost	8.09	6.36	-	-	8.09	6.36
	144.64	123.77	140.47	105.50	4.17	18.27
Included in OCI						
Remeasurement loss (gain):	-	-	-	-	-	-
Actuarial loss (gain) arising from:	-	-	-	-	-	-
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	-	-	-	-	-	-
Experience adjustment	(5.78)	0.41	-	-	(5.78)	0.41
Return on plan assets excluding interest income	-	-	3.55	26.24	(3.55)	(26.24)
	(5.78)	0.41	3.55	26.24	(9.32)	(25.83)
Other						
Contributions paid by the employer	-	-	-	-	-	-
Benefits paid	7.39	5.27	(6.81)	-	0.57	5.27
Closing balance	7.39	5.27	(6.81)	-	0.57	5.27
Represented by						
Net defined benefit asset					-	-
Net defined benefit liability					-	-
Net defined benefit liability (assets)	131.48	118.90	137.21	131.74	(5.73)	(12.84)



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

46 Employment benefits obligation

(ii) Defined Benefit Plan: (Continued)

C. Plan assets

Plan assets comprise the following:

	31 March 2022	31 March 2021
Fund managed by Insurance Company	137.21	131.74
	<u>137.21</u>	<u>131.74</u>

D. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages % p.a.).

	31 March 2022	31 March 2021
Discount rate	6.80%	6.50%
Expected Rate of Return on Plan Assets	6.80%	6.50%
Salary escalation rate	6.00%	6.00%
Employee Turnover	5.00%	5.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2006-08) Ult.

Assumptions regarding future mortality have been based on published statistics and mortality tables.

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2022		31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	116.50	149.33	104.59	136.11
Future salary growth (1% movement)	149.29	116.26	136.02	104.40
Rate of employee turnover (1% movement)	131.99	130.93	119.23	118.55

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Expected future cash flows

The expected future cash flows in respect of gratuity as at 31 March 2022 were as follows.

Expected contribution

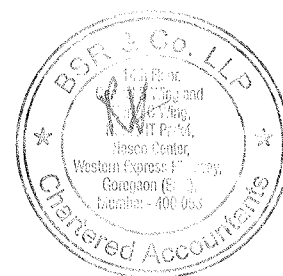
The expected (undiscounted) contributions for defined benefit plan for the next financial year will be in line with the contribution for the year ended 31 March 2022.

Expected future benefit payments

	(in lakhs)
31st March, 2023	9.03
31st March, 2024	4.76
31st March, 2025	4.54
31st March, 2026	9.16
Thereafter	103.98

Compensated Absences:

The Compensated absences is payable to all eligible employees for each day of accumulated leave on death or on resignation. Compensated absences debited to Statement of Profit and Loss during the year amounts to Rs.18.63 Lakhs (Previous Year Rs.17.19 Lakhs) and is included in Note 30 - 'Employee benefits expenses'. Accumulated non-current provision for leave encashment aggregates Rs.36.44 Lakhs (Previous Year: Rs.26.53 Lakhs) and current provision aggregates Rs.44.40 Lakhs (Previous Year: Rs.43.87 Lakhs).



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

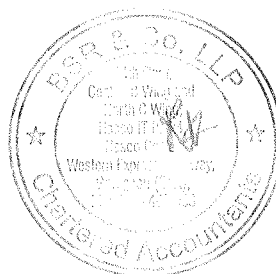
47 Related Party Disclosures:

Names of related parties and description of relationship

- I Holding Company w.e.f. 23.08.2019 Nilkamal Limited
Joint Venture till 22.08.2019 50:50 Between Nilkamal Limited & Bito Lagertechnik Bittmann
- II Enterprises owned or significantly influenced by Cambro Nilkamal Private Limited the Joint Venture Partners, where transactions Nilkamal Foundation have taken place.
- III Key Management Personnel Mr. Amol Pradhan - Vice President
Mr. Hiten V. Parekh - Director
Mr. Manish V. Parekh - Director
Mr. Nayan S. Parekh - Director

Particulars	31 March 2022			31 March 2021		
	Holding Company	Others Related Party	Total	Holding Company	Others Related Party	Total
1 Purchase of Capital Assets	-	-	-	33.44	-	33.44
2 Purchase of Raw Material, Finished Goods, Component etc	9,966.56	-	9,966.56	2,975.29	0.47	2,975.76
3 Technical and Management Fees	618.35	-	618.35	560.12	-	560.12
4 Deputation Charges	22.46	-	22.46	19.37	-	19.37
5 Reimbursement of Expenses incurred	44.70	-	44.70	27.89	-	27.89
6 Contribution towards CSR Expenses	-	-	-	-	26.60	26.60
7 Dividend Paid	-	-	-	-	-	-
8 Investment in Equity Share	-	-	-	-	-	-
9 Erection Charges	0.22	-	0.22	4.63	-	4.63
10 Rent Expense	17.83	-	17.83	12.23	-	12.23
11 Security Deposit	0.74	-	0.74	0.74	-	0.74
1 Sale of Finished Goods	1,275.09	-	1,275.09	922.34	16.37	938.71
2 Sale of Assets	-	-	-	86.27	-	86.27
3 Erection Charges Received	37.51	-	37.51	47.20	0.89	48.09
3 Lease Rent Vehicle Received	24.24	-	24.24	8.68	-	8.68
Balances Outstanding at the year end:	-	-	-	-	-	-
a) Trade and Other Receivable	229.49	-	229.49	97.18	17.70	114.88
b) Trade and Other Payables	595.28	-	595.28	1,264.09	-	1,264.09
c) Investment in Equity Share	-	-	-	-	-	-

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables.



Nilkamal Storage Systems Private Limited

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

48 Ratios :

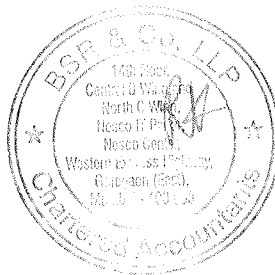
The followings are analytical ratios for the year ended ;

Particulars	Numerator	Denominator	31st March, 2022	31st March, 2021	Variance (%)	Comments
Current Ratio (in times)	Current Assets	Current Liabilities	3.28	3.12	5.13%	
Debt- Equity Ratio	(Non-Current Borrowings + Current Borrowings)	Total Shareholder's Equity	0.08	0.02	223.10%	Increase in debts
Debt Service Coverage Ratio	(PAT + Depreciation and Amortization Expense (excluding lease amortisation expense) + Interest cost on Borrowings + (Profit)/ Loss on sale of Fixed assets)	(Interest cost on Borrowings + Principal repayments made during the period for Long Term Borrowings)	68.86	-	0.00%	New term loan taken
Return on Equity (ROE)	Net profit after taxes	Average Shareholder's equity	4.52%	2.64%	71.61%	Increase in Profit
Inventory Turnover Ratio (in times)	Revenue	Average inventory	6.13	6.21	-1.33%	
Trade Receivables Turnover Ratio (in times)	Gross Revenue from Operations	Average Trade Receivables (Annualised)	7.08	3.98	77.90%	Increase in Sales
Trade Payables Turnover Ratio	Purchases of Goods	Average Trade Payables	9.77	5.87	66.51%	Increase in purchase
Net Capital Turnover Ratio	Net Sales	Working Capital	3.93	2.68	46.77%	Increase in Sales
Net Profit Ratio (%)	Profit after Tax	Revenue from Operation	1.50%	1.24%	20.94%	
Return on Capital Employed (ROCE)	Earnings before Interest and Taxes	(Net worth + Total Debts + Deferred Tax Liabilities)	6.06%	3.78%	60.14%	Increase in Profit
Return on Investment (ROI)						
Unquoted	Income generated from Investments	Time weighted average investments	2.71%	4.08%	-33.49%	Interest rate reduced

Earning available for debt service = ((PAT + Depreciation and Amortization Expense (excluding lease amortisation expense) + Interest cost on Borrowings + (Profit)/ Loss on sale of Fixed assets)

Debt Service = (Interest cost on Borrowings + Principal repayments made during the period for Long Term Borrowings)

Capital Employed = (Net worth + Total Debts + Deferred Tax Liabilities)



Nilkamal Storage Systems Private Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees in Lakhs)

49 Additional regulatory information

- i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property
- ii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(is), 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.
- iii) The Company has not received any fund from any person(s) or entity(is), 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
- iv) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- v) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- vi) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- vii) The Company is not declared as willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India.
- viii) The Company does not have layers for its holding in downstream companies prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017
- ix) The Company has not revalued any of its Property, Plant and Equipment (including Right-of-Use Assets) during the year.
- x) There are no transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 for the year ended 31 March 2022 and 31 March 2021.
- xi) The quarterly returns or statements filed by the Company for working capital limits with such banks are in agreement with the books of account of the Company except for statements filed for quarters during the year ended 31st March, 2022, where differences were noted between the amount as per books of account for respective quarters and amount as reported in the quarterly statements. The differences were in case of trade receivables amounting to Rs. 8.27 lakhs, Rs. 6.52 lakhs, Rs. 0.67 lakhs and in case of trade payable amounting to Rs. 51.50 lakhs, Rs. 134.71 lakhs, Rs. 359.50 lakhs for the quarter ended 30 June 2021, 30 September 2021 and 31 December 2021 respectively. These statements were subsequently rectified by way of submitting quarterly returns to the respective banks for the said period.

50

Covid-19 Impact:

During the year ended 31 March 2022 the spread of Coronavirus pandemic across the globe, impacted all the geographies of our operations in the early months of the year. As per our current assessment, no significant impact on carrying amounts of inventories, goodwill, intangible assets, trade receivables, other investments and other financial assets is expected, and we continue to monitor changes in future economic conditions.

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No. 101248W/W-100022


Rishabh Kumar


Partner

Membership No: 402877

Mumbai
22 May 2022

For and on behalf of the Board of Directors of
Nilkamal Storage Systems Private Limited

CIN: U63020MH2006PTC161327


Nayan S. Parekh

Director

DIN : 00037597


Hiten V. Parekh

Director

DIN : 00037550

Mumbai
22 May 2022