R Sogani& Associates
Chartered Accountants

"Shree Dham"
R-20, YudhishterMarg, 'C'-Scheme, Jaipur - 302005
Tel: 2222734, 2220735, 2220736
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INDEPENDENT AUDITOR'S REPORT

From: **R Sogani & Associates**

Date: **18th May,2021**

Subject: **Report on Gravita Metal Inc. for the purpose of Fit for Consolidation for the year ended 31st March 2021**

To: **Walker Chandiok & Co LLP**

In accordance with the instructions in your e-mail dated 23rd April 2021, we have audited, for purpose of your audit of the consolidated financial statements of Gravita India Limited, the accompanying balance sheet of Gravita Metal Inc. as at 31st March 2021, the Statement of profit and loss (including Other Comprehensive Income) the Cash flow statement, and the Statement of Changes in Equity of the Firm for the year ended 31st March 2021 and other reconciliations and information (all collectively referred to as the Fit for Consolidation (FFC) Accounts).

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statement of Gravita Metal Inc. for the year ended 31st March 2021, in all material respects, give the information required in the manner so required and give a true and fair view in conformity with the accounting policies generally accepted in India, including the Indian Accounting Standards (IND AS) specified in Companies (Indian Accounting Standard) Rules, 2016 (as amended) under section 133 of the Act, as applicable

(a) In case of the Standalone Balance Sheet, of the state of affairs of the Firm as at March 31st, 2021;

(b) In case of the Standalone Statement of Profit and Loss including other comprehensive income, or the Loss for the year ended on that date.

(c) In case of the Standalone Cash Flow Statement, for the year ended on thatdate.

(d) In case of the standalone statement of changes in equity for the year endedon that date.

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(e) Summary of Significant accounting policies and other explanatory information

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 Group 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 Companies Act, 2013 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.

Responsibility of Management and those charged with Governance for the FFC Accounts

The management is responsible for the preparation and presentation of this FFC Accounts in accordance with accounting policies generally accepted in India, including the Indian Accounting Standards (IND AS) specified in Companies (Indian Accounting Standard) Rules, 2016 (as amended) under section 133 of the Act, as applicable. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the FFC Accounts that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. This FFC Accounts has been prepared solely to enable Gravita India Limited to prepare its consolidated financial information.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on this FFC Accounts based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the FFC Accounts is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the FFC Accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the FFC Accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Firm's preparation and presentation of the FFC Accounts 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 Firm's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the FFC Accounts.

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

Restriction to the use and Distribution

These FFC accounts have been prepared for the solely purpose of providing information to **Walker Chandiok & Co LLP** to enable it to prepare the consolidated financial statement of the group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND AS) specified in Companies (Indian Accounting Standard) Rules, 2016 (as amended) under section 133 of the Act, as applicable

For R Sogani & Associates

Place: Jaipur

Chartered Accountants

Date: 18th May,2021

FRN: 018755C

BHARAT SONKHIYA

Digitally signed by BHARAT SONKHIYA
DN: c=IN, o=Personal,
2.5.4.20=13b487973423306b0476804ddf6a100eeb176cd0f92131bcd1b816c1e5a69e96,
postalCode=302004, st=RAJASTHAN,
serialNumber=cbd8edb780867361568841c1257477e40c99b09a2ff088d2d6272efc8c0532c6,
cn=BHARAT SONKHIYA, l=JAIPUR,
pseudonym=71a5688c4c9b4e7fa8eec02dcc4ba2df
Date: 2021.05.18 19:04:27 +05'30'

(Bharat Sonkhiya)

Partner

UDIN:21403023AAABCS6973

Membership No.: 403023

M/s Gravita Metal Inc.
25, SIDCO, IND. Area, Kathua (J&K)
Balance Sheet as at March 31, 2021
(All amounts in Rs. lacs, unless otherwise stated)

GRAVITA

Particulars	Note	As at March 31, 2021	As at March 31, 2020
I. ASSETS			
Non - current assets			
Property, Plant and Equipment	2	246.05	206.09
Capital work-in-progress	3	0.64	60.96
Financial Assets			
Loans	5	0.87	11.28
Other non current assets	6	93.70	348.44
Total non-current assets		341.26	626.77
Current assets			
Inventories	7	495.83	623.28
Financial Assets			
Loans	5	255.00	100.00
Trade receivables	8	292.20	266.50
Cash and cash equivalents	9	1.68	3.08
Bank balances other than above	10	253.31	316.39
Current Tax Assets (Net)		18.52	65.96
Other current assets	6	161.86	406.78
Total current assets		1,478.40	1,781.99
TOTAL ASSETS		1,819.66	2,408.76
II. EQUITY AND LIABILITIES			
Equity			
Partner's capital	11	(1,227.56)	658.72
Partner's capital		(1,227.56)	658.72
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	12	5.20	10.20
Provisions	13	6.44	6.00
Deferred tax liabilities (net)	14	70.00	76.00
Total non-current liabilities		81.64	92.20
Current liabilities			
Financial liabilities			
Borrowings	12	748.54	991.64
Trade payables	15	2,069.06	596.90
Other financial liabilities	16	5.99	5.00
Other current liabilities	17	34.45	1.58
Provisions	13	0.20	0.55
Current tax liabilities (net)		107.34	62.17
Total current liabilities		2,965.58	1,657.84
Total liabilities		3,047.22	1,750.04
TOTAL EQUITY AND LIABILITIES		1,819.66	2,408.76

The accompanying summary of significant accounting policies and other explanatory information are an integral part of the financial statements.

In terms of our report attached.

For R Sogani & Associates
Chartered Accountants
Firm's Registration No.: 018755C

Bharat Sonkhiya
Partner
Membership No: 403023

Place: Jaipur
Date : May 18, 2021

In confirmation of the facts
For Gravita Metal Inc.

Rajat Agrawal
DIN: 00855284
Managing Director of partner company Gravita India Limited and Gravita Infotech Limited

Place: Jaipur
Date : May 18, 2021

M/s Gravita Metal Inc.
25, SIPCOT, IND, Area, Kathua (J&K)
Balance Sheet as at March 31, 2021
(All amounts in Rs. lacs, unless otherwise stated)

GRAVITA

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Firm's Registration No.: 018755C

Bharat Sonkhiya
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Membership No: 403023

Place: Jaipur
Date : May 18, 2021

In confirmation of the facts
For Gravita Metal Inc.

Rajat Agrawal
DIN: 00855284
Managing Director of partner company Gravita India Limited and Gravita Infotech Limited

Place: Jaipur
Date : May 18, 2021

M/s Gravita Metal Inc.
25, SIPCOP, IND, Area, Kathua (J&K)
Statement of Profit and Loss for the year ended March 31, 2021
(All amounts in Rs. lacs, unless otherwise stated)

GRAVITA

	Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Income			
	Revenue from operations	18	8,554.82	8,314.58
	Other income	19	32.42	24.83
	Total income (I)		**8,587.24**	**8,339.41**
II	Expenses			
	Cost of materials consumed	20	7,572.33	7,725.99
	Purchases of Traded goods	21	-	3.40
	Changes in inventories of finished goods, work-in-progress and traded goods	22	(30.64)	(21.01)
	Employee benefits expense	23	179.65	169.44
	Finance costs	24	135.64	89.52
	Depreciation and amortisation expense	25	25.63	26.70
	Other expenses	26	883.38	122.54
	Total expenses (II)		**8,765.99**	**8,116.58**
III	**Profit before tax (I - II)**		**(178.75)**	**222.83**
IV	**Tax expense**	27		
	Current tax		335.34	78.85
	Deferred tax charge		(5.88)	63.64
	Total tax expense		**329.46**	**142.49**
V	**Profit for the year (III - IV)**		**(508.21)**	**80.34**
VI	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit liabilities		(0.35)	(0.53)
	Income tax on above items		0.12	0.19
	Other comprehensive income, net of tax		**(0.23)**	**(0.34)**
VII	**Total comprehensive income for the year (V + VI)**		**(508.44)**	**80.00**

The accompanying summary of significant accounting policies and other explanatory information are an integral part of the financial statements.

In terms of our report attached.

For R Sogani & Associates
Chartered Accountants
Firm's Registration No.: 018755C

Bharat Sonkhiya
Partner
Membership No: 403023

Place: Jaipur
Date : May 18, 2021

In confirmation of the facts
For Gravita Metal Inc.

Rajat Agrawal
DIN: 00855284
Managing Director of partner company Gravita India Limited and Gravita Infotech Limited

Place: Jaipur
Date : May 18, 2021

GRAVITA

Note 1 - Corporate information, statement of compliance with Ind AS, basis of preparation and summary of significant accounting policies

(A) Corporate Information

Gravita Metal Inc. (the 'Firm') is a Partnership Firm incorporated in India, having registered office at Kathua of Jammu Kashmir State and having principal place of business in Kathua itself.

Their business operations currently encompasses ~~in~~ Lead processing. The Firm carries out smelting of lead battery scrap / Lead concentrate to produce secondary Lead metal, which is further transformed into Pure Lead, Specific Lead Alloys.

(B) Statement of compliance with Ind AS and basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, relevant amendment rules issued there after and other relevant provisions of the Act, as applicable.

The financial statements have been prepared on accrual basis under the historical cost basis and generally as per requirement of Jammu & Kashmir Partnership Act 1966.

These financial statements for the year ended March 31, 2021 are approved and adopted by the Management in their meeting held on May 18, 2021.

The financial statements have been prepared under historical cost convention basis except for the following -

- Certain financial assets which are measured at fair value;
- Defined benefit plans - plan assets measured at fair value;

Further, certain financial assets and financial liabilities are measured at fair value and are categorised into level 1, level 2 and level 3 based on the degree to which the inputs to the fair value measurements are observable.

(C) Significant accounting policies

I. Current versus non-current classification

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

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

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or

GRAVITA METAL INC

R. SOGANI & ASSOCIATES M.No. 018755C JAIPUR Chartered Accountants

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

II. Revenue Recognition

To determine whether to recognise revenue, the Firm follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Sale of products (including scrap sales): Sales (including scrap sales) are recognised when control of products is transferred to the buyer as per the terms of the contract and are accounted for net of returns and rebates. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods. Sales, as disclosed, are exclusive of goods and services tax. Generally, control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Firm has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

The Firm considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Firm expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, indirect taxes). The consideration promised in a contract with a customer may include fixed consideration, variable consideration (if reversal is less likely in future), or both. No element of financing is deemed present as the sales are largely made on advance payment terms or with credit term of not more than one year.

The transaction price is allocated by the Firm to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to the customer.

For each performance obligation identified, the Firm determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time.

Other income: Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the entity and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.For each performance obligation identified, the Firm determines at

R. SOGANI & ASSOCIATES Chartered Accountants M.No. 018755C JAIPUR

GRAVITA METAL INC

contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time.

III. Property, Plant and Equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition or construction. Following initial recognition, property plant and equipment are carried at cost less any accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on the straight-line method computed on the basis of the useful life prescribed under Schedule II of the Companies Act, 2013. The following useful life of assets has been taken by the Firm:

Tangible assets	Useful life
Buildings – factory and non-factory	5 - 60 years
Plant and equipment	15 years
Furniture and fixtures	10 years
Vehicles	8 years
Computer and accessories	3- 6 years
Office equipment	5 years

Freehold land is measured at cost and is not depreciated.

Property, plant and equipment costing up to Rs. 5,000 each are fully depreciated in the year of purchase.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

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

De-recognition

An item of property, plant and equipment or any significant part initially recognised of such 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 arising on de-recognition of the asset (calculated as the difference between the

R. SOGANI & ASSOCIATES M.No. 018755C JAIPUR Chartered Accountants net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Capital work-in-progress are assets which are not yet ready for their intended use are carried at cost comprising direct cost, related incidental expenses and attributable interest.

IV. Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

The Firm assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Firm estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

To determine value-in-use, management estimates expected future cash flows from each cash generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Firm's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

V. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use. Borrowing costs consist of interest calculated using the effective interest method that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

VI. Inventories

Inventories are valued at cost or net realisable value, whichever is lower. The basis of determining the cost for various categories of inventory are as follows:

a) Raw materials and stores and spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

b) Stock in process and finished goods: Direct cost-plus appropriate share of overheads and excise duty, wherever applicable.

c) Traded goods: Purchase cost and other overheads incurred to bring the goods to their present location.

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GRAVITA METAL INC

d) By products: At estimated realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Provision for obsolescence and slow-moving inventory is made based on management's best estimates of net realisable value of such inventories.

VII. Leases

The Firm as a lessee

The Firm's lease asset classes primarily consist of leases for land, buildings and equipment. The Firm assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Firm assesses whether:

i. the contract involves the use of an identified asset
ii. the Firm has substantially all of the economic benefits from use of the asset through the period of the lease and
iii. the Firm has the right to direct the use of the asset.

The Firm at the commencement of the lease contract recognizes a right-of-use asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term leases) and low-value assets. For these short term and low value leases, the Firm recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. Right-of-use assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The cost of right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease, plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Firm changes its assessment if whether it will exercise an extension or a termination option.

VIII. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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GRAVITA METAL INC

The principal or the most advantageous market must be accessible by the Firm.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Firm uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is Unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Firm determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

For the purpose of fair value disclosures, the Firm has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

IX. Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind-AS 109, the Firm applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Firm in accordance with the contract and all the cash flows that the Firm expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Firm is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets; and
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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GRAVITA

Trade receivables

The Firm applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

The Firm uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on Firm's historical collection experience for customers and forecast of macro-economic factors.

The Firm defines default as an event when the financial asset is past due for more than 180 days. This definition is based on management's expectation of the time period beyond which if a receivable is outstanding, it is an objective evidence of impairment.

The Firm writes off trade receivables when there is no objective evidence that such amounts would not be recovered. Financial assets that are written-off are still subject to enforcement activity by the Firm.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Firm determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Firm measures the loss allowance at an amount equal to 12 month expected credit losses, else at an amount equal to the lifetime expected credit losses.

X. Post-employment, long term and short-term employee benefits

The Firm provides post-employment benefits through various defined contribution and defined benefit plans.

Defined Contribution plan

The Firm makes contribution to statutory provident fund in accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

Defined benefit plan

The liability recognized in respect of gratuity is the present value of defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the Projected Unit Credit Method. Re-measurement comprising actuarial gains and losses and return on plan assets (excluding net interest) are recognized in the other comprehensive income for the period in which they occur and are not reclassified to profit or loss.

Other long-term employee benefits

Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to Statement of Profit and Loss in the year in which such gains or losses are determined.

Short term employee benefit

Expense in respect of other short-term benefits is recognized on the basis of amount paid or payable for the period during which services are rendered by the employees.

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XI. **Taxes**

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits (Minimum alternate tax credit entitlement) or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Firm's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

XII. **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

XIII. **Government grants**

Income includes export and other recurring and non-recurring incentives from Government (referred as "incentives'). Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. The Firm is entitled to subsidies from government in respect of manufacturing units located in specified regions.

Government grants are recognised when there is a reasonable assurance that the Firm will comply with the relevant conditions and the grant will be received. Government grants related to income are presented as an

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offset against the related expenditure, and government grants that are awarded as incentives with no ongoing performance obligations to the Firm are recognised as income in the period in which the grant is received.

XIV. Use of estimates and judgement

The following are the critical judgments and the key estimates concerning the future that management has made in the process of applying the Firm's accounting policies and that may have the most significant effect on the amounts recognised in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. **Useful lives of depreciable/ amortisable assets:** Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

b. **Evaluation of indicators for impairment of assets:** The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

c. **Recognition of Deferred tax assets:** The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

d. **Allowance for expected credit loss:** The allowance for expected credit loss reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Firm's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. The Firm has also taken into account estimates of possible effect from the pandemic relating to COVID-19. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Firm's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

e. **Contingent liabilities:** The Firm is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Firm often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Firm accrues a liability when it is determined that an adverse outcome is probable, and the amount of the loss can be reasonably estimated.

f. **Provisions:** At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Firm assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

XV. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

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GRAVITA METAL INC

M/s Gravita Metal Inc.
25, SIFCOP, IND, Area, Kathua (J&K)
Summary of the significant accounting policies and other explanatory information
For the year ended March 31, 2021
(All amounts in Rs. lacs, unless otherwise stated)

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Note 2 - Property, plant and equipment

Particulars	Buildings	Plant and equipments	Office Equipment	Computer and accessories	Furniture and fixtures	Vehicles	Total
Gross carrying amount							
As at April 1, 2019	66.11	160.76	1.23	0.55	0.33	27.13	256.11
Additions during the year	-	38.15	0.43	-	0.42	-	39.00
Disposals/ Adjustments	-	(16.28)	-	(0.14)	-	-	(16.42)
As at March 31, 2020	66.11	182.63	1.66	0.41	0.75	27.13	278.69
Additions during the Period	5.05	68.43	0.60	0.32	-	-	74.40
Disposals/ Adjustments	-	(10.29)	-	-	(0.09)	-	(10.38)
As at March 31, 2021	71.16	240.77	2.26	0.73	0.66	27.13	342.71
Accumulated depreciation							
As at April 1, 2019	8.76	46.19	0.42	0.20	0.15	2.52	58.24
Charge for the year	2.92	18.44	0.27	0.16	0.07	3.23	25.09
Deletions	-	(10.61)	-	(0.12)	-	-	(10.73)
As at March 31, 2020	11.68	54.02	0.69	0.24	0.22	5.75	72.60
Charge for the Period	2.99	18.76	0.40	0.15	0.10	3.23	25.63
Deletions	-	(1.49)	-	-	(0.07)	-	(1.56)
As at March 31, 2021	14.67	71.29	1.09	0.39	0.25	8.98	96.67
			-				
Net carrying value							
As at March 31, 2020	54.43	128.61	0.97	0.17	0.53	21.38	206.09
As at March 31, 2021	56.49	169.48	1.17	0.34	0.42	18.15	246.05

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Summary of the significant accounting policies and other explanatory information
For the year ended March 31, 2021
(All amounts in Rs. lacs, unless otherwise stated)

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Note 3 - Capital work-in-progress

Particulars	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	60.96	-
Net movement during the year	(60.32)	60.96
At the end of the year	**0.64**	**60.96**

Note 4 - Right-of-use assets

Particulars	Land	Total
Gross carrying amount		
As at April 1, 2019	-	-
Additions during the year	1.61	1.61
Disposals/ Adjustments	-	-
As at March 31, 2020	**1.61**	**1.61**
Additions during the Period	-	-
Disposals/ Adjustments	-	-
As at March 31, 2021	**1.61**	**1.61**
Accumulated depreciation		
As at April 1, 2019	-	-
Charge for the year	1.61	1.61
Deletions		-
As at March 31, 2020	**1.61**	**1.61**
Charge for the Period		-
Deletions	-	-
As at March 31, 2021	**1.61**	**1.61**
Net carrying value		
As at March 31, 2020	-	-
As at March 31, 2021	-	-

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Note 5 - Loans

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Non-current		
Security deposits	0.87	11.28
Total	0.87	11.28
Unsecured, considered good		
Current		
Security deposits	10.00	-
Loans given to others	245.00	100.00
Total	255.00	100.00

Note 6 - Other assets

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Non-current		
Capital advances	1.00	-
Balance with government authorities	92.70	348.44
Total	93.70	348.44
Unsecured, considered good		
Current		
Advances to vendors	12.51	80.97
Advances to employees	0.40	2.69
Prepaid expenses	3.11	3.22
Balance with government authorities	145.84	319.90
Total	161.86	406.78

Note 7 - Inventories *
(At lower of cost and net realisable value)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	173.74	329.02
Work-in-progress	156.04	233.30
Finished goods	139.21	31.31
Stores and spares	11.20	14.85
Consumables	15.64	14.80
Total	495.83	623.28

* Refer note 12 for hypothecation as securities with bank/ financial institutions on inventories.

Note 8 - Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured		
Trade receivables - considered good	292.20	266.50
Total	292.20	266.50

* Refer note 12 for hypothecation as securities with bank/ financial institutions on trade receivables.

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Note 9 - Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks		
- in current accounts	0.68	2.19
Cash on hand	1.00	0.89
Total	1.68	3.08

Note 10 - Bank balances Other than cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed deposits	253.31	316.39
Total	253.31	316.39

Note 11 - Partner's Capital

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed Capital		
Gravita India Limited	95.00	95.00
Gravita Infotech Limited	5.00	5.00
Current Capital		
Gravita India Limited	(1,426.51)	438.80
Gravita Infotech Limited	98.95	119.92
Total	(1,227.56)	658.72

Note 12 - Borrowings[(1)]

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current borrowings[(2)]		
Secured		
Vehicle loans	11.19	15.13
Less: Current maturities disclosed under other financial liabilities (refer note 16)	5.99	4.93
Total	5.20	10.20
Current borrowings[(3)]		
Loans repayable on demand - From banks (secured)		
Cash credit / overdraft	748.54	891.64
Unsecured		
From Institutions other than banks (unsecured)	-	100.00
Total	748.54	991.64

1 There is no default in repayment of principal repayment or interest thereon.

2 Repayment terms and security disclosure for the outstanding non-current borrowings (including current maturities) are as follows:

i. Vehicle loan from banks of Rs. 11.19 lacs (March 31, 2020: Rs. 15.13 lacs) carry interest @ 4.63% p.a. The loans are secured by way of hypothecation of vehicles and repayable in equal monthly installments over a period of 60 months.

3 Security disclosure for the outstanding current borrowings are as follows:

i. Loans repayable on demand from banks are secured by way of:

(a) Hypothecation of all kinds of stocks of raw material, SFG and FG, consumables, trade receivables of the firm.

(b) Mortgage of lease hold rights of factory land situated at plot no. 25 & 26, situated at SICOP, Industrial Area, Kathua, (J&K).

(c) Hypothecation of plant & machinery and other fixed assets of the firm (present & future).

(d) Mortgage of Flat 102 in Gravita Tower, A-27-B, Tilak Nagar, Shanti Path, Jaipur of Gravita Infotech Limited.

(e) Corporate guarantee of Gravita India Limited and Gravita Infotech Limited.(Partner companies)

(f) Personal guarantee of Managing Director of partner companies Mr. Rajat Agrawal.

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Note 13 - Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current provisions for (refer note 30)		
- Gratuity	5.19	4.20
- Compensated absences	1.25	1.80
Total	6.44	6.00
Current provisions (refer note 30)		
- Gratuity	0.11	0.37
- Compensated absences	0.09	0.18
Total	0.20	0.55

Note 14 - Deferred tax liabilities (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liability arising on account of:		
Property, plant and equipment and intangible assets	27.61	18.70
Incentive income	44.42	63.45
Other temporary differences	0.29	-
Gross deferred tax liabilities	72.32	82.15
Deferred tax asset arising on account of:		
Provision for employee benefits and other liabilities deductible on actual payment	2.32	6.15
Gross deferred tax assets	2.32	6.15
Deferred tax liabilities (net)	70.00	76.00

Deferred tax movements

Movement of net deferred tax assets and liabilities for the year ended March 31, 2021 is as follows:

Particulars	Opening balance	(Charge)/ credit in Statement of Profit and loss	(Charge)/ credit in other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	(18.70)	(8.91)	-	(27.61)
Provision for employee benefits and other liabilities deductible on actual payment	6.15	(3.95)	0.12	2.32
Incentive income	(63.45)	19.03	-	(44.42)
Others		(0.29)	-	(0.29)
Total	(76.00)	5.88	0.12	(70.00)

Movement of net deferred tax assets and liabilities for the year ended March 31, 2020 is as follows:

Particulars	Opening balance	(Charge)/ credit in Statement of Profit and loss	(Charge)/ credit in other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	(14.86)	(3.84)	-	(18.70)
Provision for employee benefits and other liabilities deductible on actual payment	2.31	3.65	0.19	6.15
Incentive income	-	(63.45)	-	(63.45)
Total	(12.55)	(63.64)	0.19	(76.00)

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(All amounts in Rs. lacs, unless otherwise stated)

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Note 15 - Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro and small enterprises[(i)]	4.36	7.88
Total outstanding dues of creditors other than micro and small enterprises	2,064.70	589.02
Total	2,069.06	596.90

(i). On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Firm, dues disclosed as per the Micro, Small and Medium Enterprise Development Act, 2006 ('MSMED Act, 2006') at the year end are below, This has been relied upon by the auditors.

	Particulars	As at March 31, 2021	As at March 31, 2020
i	Principal amount remaining unpaid to any supplier as at the end of the accounting year	4.36	7.88
ii	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
iii	The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iv	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
v	The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
vi	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

Note 16 - Other current financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Current maturities of non-current borrowings (refer note 12)	5.99	4.93
Creditors for capital goods	-	0.07
Total	5.99	5.00

Note 17 - Other current liablities

Particulars	As at March 31, 2021	As at March 31, 2020
Advance received from customers	2.77	1.00
Statutory remittances	31.68	0.58
Total	34.45	1.58

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Note 18 - Revenue from operations

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products		
Manufactured goods	8,349.73	8,116.30
Traded goods	-	2.91
Other operating revenues		
GST incentive (refund)	191.60	191.39
Job work income	2.48	-
Scrap sales	11.01	3.98
Total	8,554.82	8,314.58

i. Disclosures on revenue pursuant to Ind AS 115 - Revenue from contracts with customers

(a) Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2021 by Product type. The Firm believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue by product type:		
Lead	8,349.73	8,119.21
Revenue by geography:		
Domestic	8,349.73	8,119.21
Revenue by time:		
Revenue recognised at point in time	8,349.73	8,119.21

(b) Revenue recognised in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Particulars	For the year ended March 31, 2021
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the year	1.00

(c) Liabilities related to contracts with customers

Particulars	As at March 31, 2021	As at March 31, 2020
Advance from customers	2.77	1.00

(d) Reconciliation of revenue recognised in Statement of Profit and Loss with contract price

Particulars	For the year ended March 31, 2021
Contract price	8,349.73
Less: discount, rebates, credits etc.	-
Revenue from operations as per Statement of Profit and Loss	8,349.73

Note 19 - Other income

Particular	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income from:		
- bank deposits (at amortised cost)	11.24	22.05
- others	21.18	1.57
Other non-operating income		
Miscelianeous income	-	1.21
Total	32.42	24.83

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Note 20 - Cost of material consumed

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Raw materials consumed	7,572.33	7,725.99
Total	7,572.33	7,725.99

Note 21 - Purchase of traded goods

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Others	-	3.40
Total	-	3.40

Note 22 - Changes in inventories of finished goods, work-in-progress and traded goods

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock		
Finished goods	31.31	45.75
Work-in-progress	233.30	197.85
Less: Closing stock		
Finished goods	139.21	31.31
Work-in-progress	156.04	233.30
Change in inventories of finished goods, work-in-progress and traded goods	(30.64)	(21.01)

Note 23 - Employee benefits expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	159.81	146.95
Contribution to provident and other funds	8.30	8.02
Staff welfare expenses	11.54	14.47
Total	179.65	169.44

Note 24 - Finance cost

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest costs on		
- Borrowings	78.09	85.59
- Others	57.00	2.30
Other borrowing costs	0.55	1.63
Total	135.64	89.52

Note 25 - Depreciation and amortisation expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment	25.63	25.09
Depreciation of Right of use assets	-	1.61
Total	25.63	26.70

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Note 26 - Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Power and fuel	10.90	12.67
Rates and taxes	695.68	15.25
Legal and professional fees	3.03	3.22
Repairs and maintenance		
- Plant and machinery	40.08	25.51
- Buildings	2.96	2.31
- Others	2.66	4.76
Freight and forwarding	58.65	56.27
Travelling and conveyance	1.14	0.77
Insurance	1.61	1.33
Rent	5.08	6.35
Sales commission	0.06	-
Advertising and sales promotion	0.25	0.49
Payment to auditors[(i)]	0.38	0.75
Allowance for expected credit loss on financial assets (including write off)	35.44	(40.95)
Loss on sale/ discard of property, plant and equipment	1.13	4.67
Bank charges	5.43	3.10
Miscellaneous expenses	18.90	26.04
Total	883.38	122.54

(i) Payment to auditors

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
As auditor		
- Audit fee	0.30	0.30
- Tax audit	-	0.40
In other capacity		
- Reimbursement of out of pocket expenses	0.08	0.05
Total	0.38	0.75

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Note 27 - Tax expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax		
Current tax expense	213.06	78.85
Short provision for tax relating to prior years	122.28	-
Total	335.34	78.85
Deferred tax		
In respect of current period	(5.88)	63.64
Total	(5.88)	63.64
Income tax recognised in Statement of Profit and Loss	329.46	142.49
The reconciliation of the estimated tax expense at income tax rate to income tax expense reported in the statement of profit and loss is as follows:		
Accounting profit before tax	(178.75)	222.83
Statutory income tax rate	34.94%	34.94%
Tax expense at statutory income tax rate	(62.46)	77.87
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:		
Effect of expenses that are not deductible in determining taxable profit	267.24	0.56
Movement in tax provision relating to prior years	122.28	-
Others	2.40	64.06
Income tax expense recognised in Statement of Profit and Loss	329.46	142.49

Note 28 - Contingent liabilities and commitments

(a) Contingent liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Claim against the Firm not acknowledged as debt*		
- Excise Duty/Customs Duty/Service Tax	92.98	92.98
Total	92.98	92.98

* All the matters above are subject to legal proceedings in the ordinary course of business. The management is confident that its posittion to be upheld in the appeals pending before various appeallate authorities and no liability could arise on the Firm on account of these proceedings.

(b) Commitments

There is no outstanding capital commitments as on March 31, 2021 and March 31, 2020.

Note 29 - Capital Management

The Firm manages its capital to ensure that it will be able to continue as a going concern and provide reasonable return to the partners through maintaining reasonable balance between Debt and equity. The capital structure of the firm consists of net debt (borrowings net of cash and cash equivalents) and total equity of the firm. The firm is not subject to any externally imposed capital requirements. The firm's management reviews the capital structure of the firm on a periodic basis. As part of review, the management considers the cost of capital and risk associated with each class of capital. The firm also evaluates its gearing measures like Debt Equity Ratio, Debt Service Coverage Ratio, Interest Service Coverage Ratio, Debt to EBIDTA Ratio to arrive at an appropriate level of debt and accordingly evolve its capital structure.

The following table summarises the capital of the Firm:

Particulars	As at March 31, 2021	As at March 31, 2020
Total equity	(1,227.56)	658.72
Non-current borrowings (including current maturities)	11.19	15.13
Current borrowings	748.54	991.64
Total capital (Debt + Equity)	(467.83)	1,665.49

(All amounts in Rs. lacs, unless otherwise stated)

GRAVITA

Note 30 - Employee benefits plans

(i) Defined Contribution Plans

The Firm makes contribution towards employees' provident fund and employees' deposit linked insurance scheme for qualifying employees. Under the schemes, the Firm is required to contribute a specified percentage of payroll cost, as specified in the rules of the schemes, to these defined contribution schemes.

The Firm has recognised for contributions to these plans in the Statement of Profit and Loss as under:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employer's contribution to provident funds	5.96	5.59
Employer's contribution to employee state insurance	2.34	2.43

These plans typically expose the Firm to actuarial risks such as investment risk, salary risk, interest rate risk and longevity risk.

Investment Risk - The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Salary Risk -The present value of defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Interest Risk -The plan exposes the Firm to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in value of the liability.

Longevity Risk -The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plans liability.

Reconciliation of opening and closing balances Defined Benefit Obligation

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Change in benefit obligation				
1. Present value of obligation as at the beginning of the year	4.56	1.98	3.06	1.18
2. Current service cost	0.81	0.23	0.88	0.50
3. Interest cost	0.31	0.13	0.23	0.09
4. Actuarial (gain) / loss	0.35	(0.58)	0.53	0.42
5. Benefits paid	(0.74)	(0.44)	(0.14)	(0.21)
Liability recognized in the financial statement	5.29	1.33	4.56	1.98
Main actuarial assumption				
Discount rate	6.79%	6.79%	7%	8%
Expected rate of increase in compensation levels	6.00%	6.00%	6%	6%
Expected average remaining working lives of employees (y	18.56	18.56	18.77	18.77
Average remaining working lives of employees with Mortality and Withdrawal (years)	15.39	15.39	15.37	15.37
Mortality rates inclusive of provision for disability (100% of Indian Assured Lives Mortality (IALM) (2012-14):	100%	100%	100%	100%
Attrition at Ages				
- Age upto 30 years	3%	3%	3%	3%
- Age from 31 to 44 years	2%	2%	2%	2%
- Age above 44 years	1%	1%	1%	1%
Retirement age (years)	58	58	58.00	58.00

Maturity profile of defined benefit obligation

Year	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Gratuity	Compensated absences	Gratuity	Compensated absences
0 to 1 year	0.11	0.09	0.50	0.18
1 to 2 year	0.10	0.03	0.08	0.04
2 to 3 year	0.10	0.02	0.08	0.04
3 to 4 year	0.10	0.02	0.08	0.04
4 to 5 year	0.09	0.02	0.30	0.16
5 to 6 year	0.09	0.02	0.07	0.03
6 year onwards	4.70	1.13	3.45	1.49

GRAVITA METAL INC

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(All amounts in Rs. lacs, unless otherwise stated)

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Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Cost for the period				
1. Current service cost	0.81	0.23	0.88	0.50
2. Net interest cost	0.31	0.13	0.23	0.09
3. Actuarial loss	-	(0.58)	-	0.42
Total amount recognised in Statement of Profit or Loss	1.13	(0.21)	1.11	1.01
Re-measurements recognised in Other comprehensive income				
- Effect of changes in financial assumptions	0.35	-	0.49	-
- Effect of experience adjustments	-	-	0.04	-
Total re-measurements included in Other comprehensive income	0.35	-	0.53	-
Total amount recognised in statement of profit and loss	1.48	(0.21)	1.64	1.01

Sensitivity analysis of the defined benefit obligation

The significant actuarial assumption for the determination of defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of reporting period, while holding all other assumptions constant.

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Present value of Obligation at the end of the year	5.29	1.33	4.56	1.98
(a) Impact of the change in discount rate				
(i) Impact due to increase of 0.50%	(0.37)	(0.09)	(0.30)	(0.13)
(ii) Impact due to decrease of 0.50%	0.41	0.10	0.33	0.14
		-	-	-
(b) Impact of the change in salary increase		-	-	-
(i) Impact due to increase of 0.50%	0.41	0.10	0.33	0.14
(ii) Impact due to decrease of 0.50%	(0.37)	(0.09)	(0.31)	(0.13)

Note 31 - Financial Instruments

Financial assets and liabilities

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

Particulars	Note	As at March 31, 2021	As at March 31, 2020
Financial assets measured at amortised cost			
Loans	5	255.87	111.28
Trade receivables	8	292.20	266.50
Cash and cash equivalents	9	1.68	3.08
Other bank balances	10	253.31	316.39
Total financial assets		803.06	697.25
Financial liabilities measured at amortised cost			
Borrowings	12	759.73	1,006.77
Trade payables	15	2,069.06	596.90
Other financial liabilities	16	-	0.07
Total financial liabilities		2,828.79	1,603.74

(i) Carrying amount of the financial assets and liabilities designated at amortised cost approximates its fair value.

Fair values hierarchy

The fair value of financial instruments as referred to in above note has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

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(All amounts in Rs. lacs, unless otherwise stated)

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Note 32 - Financial Risk Management

The firm is exposed to various financial risks arising from its underlying operations and finance activities. The firm is primarily exposed to market risk (i.e. interest rate and foreign currency risk), to credit risk and liquidity risk. The firm's Corporate Treasury function plays the role of monitoring financial risk arising from business operations and financing activities.

Financial risk management within the firm is governed by policies and guidelines approved by the senior management and Partners. These policies and guidelines cover interest rate risk, credit risk and liquidity risk. Firm policies and guidelines also cover areas such as cash management, investment of excess funds and the raising of short and long-term debt. Compliance with the policies and guidelines is managed by the Corporate Treasury function within the firm. Review of the financial risk is done on a monthly basis by the Partners and on a quarterly basis by the Partners. The objective of financial risk management is to contain, where deemed appropriate, exposures on net basis to the various types of financial risks mentioned above in order to limit any negative impact on the firm's results and financial position.

In accordance with its financial risk policies, the firm manages its market risk exposures by using specific type of financial instruments duly approved by the Partners as and when deemed appropriate. It is the firm's policy and practice neither to enter into derivative transactions for speculative purpose, nor for any purpose unrelated to the underlying business. The Partners / Seniors Management reviews and approves policies for managing each of the above risks.

(a) Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk includes loans and borrowings, deposits, investments and derivative financial instruments.

(i) Foreign Currency Risk Management
As the firm is not dealing in foreign currency therefore, there are no foreign currency risk exist

(ii) Interest Rate Risk Management
Interest rate risk arises from movements in interest rates which could have effects on the firm's net income or financial position. Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. The firm's exposure to the risk of changes in market interest rates relates primarily to the firm's long-term debt obligations with floating interest rates.

Interest rate risk exposure
Below is the overall exposure of the Company to interest rate risk:

Particulars	As at March 31, 2021	As at March 31, 2020
Variable rate borrowing	748.54	891.64
Fixed rate borrowing	11.19	115.13
Total borrowings	759.73	1,006.77

Sensitivity
Below is the sensitivity of profit or loss to changes in interest rates.

Particulars	As at March 31, 2021	As at March 31, 2020
Interest rate - increase by 100 basis points (100 bps)*	7.49	8.92
Interest rate - decrease by 100 basis points (100 bps)*	(7.49)	(8.92)

* Holding all other variable constant

(b) Credit risk management
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The firm is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. To manage trade receivables, the firm periodically assesses the financial reliability of customers, taking into account the financial conditions, economic trends, analysis of historical bad debts and aging of such receivables.
Credit risk from balances with banks and financial institutions is managed by the firm's treasury department in accordance with the firm's policy.
Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date and disclosed below:

Particulars	As at March 31, 2021	As at March 31, 2020
Amount not yet due	211.18	42.34
Between one to six month overdue	81.02	223.90
Greater than six month overdue	-	0.26
Total	292.20	266.50

GRAVITA METAL INC

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(All amounts in Rs. lacs, unless otherwise stated)

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Movement in the expected credit loss allowance of financial assets

Reconciliation of loss allowance	Financial assets
Loss allowance as at April 1, 2019	-
Changes in loss allowance	-
Loss allowance as at March 31, 2020	-
Changes in loss allowance	-
Loss allowance on March 31, 2021	-

(c) Liquidity risk management

Liquidity risk is the risk that the firm will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The firm has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The firm's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The firm manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The firm also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

Particulars	As at March 31, 2021	As at March 31, 2020
Total committed working capital limits from Banks	900.00	900.00
Utilized working capital limit	748.54	891.64
Unutilized working capital limit	151.46	8.36

(ii) Maturitties of financial liabilities

The tables below analyse the Firm's financial liabilities into relevant maturity groupings based on their contractual maturities. The amount disclosed in the table are the contractual undiscounted cash flow.

Contractual maturities of financial liabilities

Particulars	Less than 1 year	1-5 year	More than 5 years	Total
As at March 31, 2021				
Non-derivatives				-
Non-current borrowing	5.99	6.91		12.90
'Short term borrowings	748.54	-	-	748.54
Trade payable	2,069.06	-	-	2,069.06
Other financial liabilities	-	-	-	-
Total	2,823.59	6.91	-	2,830.50
As at March 31, 2020				
Non-derivatives				-
Non-current borrowing	5.53	10.67	-	16.20
'Short term borrowings	991.64	-	-	991.64
Trade payable	596.90	-	-	596.90
Other financial liabilities	0.07	-	-	0.07
Total	1,594.14	10.67	-	1,604.81

* Including current maturities of non-current borrowings along with estimated future interest obligation

GRAVITA METAL INC

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M/s Gravita Metal Inc.
25, SIPCOP, IND, Area, Kathua (J&K)
Summary of the significant accounting policies and other explanatory information
For the year ended March 31, 2021
(All amounts in Rs. lacs, unless otherwise stated)

GRAVITA

Note 23 - Related party disclosures under Ind-AS - 24 "Related Party Disclosures"
(i) Name of related parties and nature of related party relationship

(a) Partners

Particulars	Partner share in Gravita Metal Inc	
	March 31, 2021	March 31, 2020
Gravita India Limited	95.00	95.00
Gravita Infotech Limited	5.00	5.00

(b) Entities over which Key Managerial Personnel and / or their relatives exercise significant influence:

M/s Shasin Industries upto March 20, 2020
M/s Gravita Infotech
M/s Recycling Infotech LLP

(ii) Detail of transaction and balance outstanding with related parties
Transactions with related parties :

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sales		
Partner		
Gravita India Limited	290.52	248.35
Entities having common key management personnel and/or their relatives		
M/s Shasin Industries	-	2.50
Purchases		
Partner		
Gravita India Limited	862.50	96.75
Entities having common key management personnel and/or their relatives		
M/s Shasin Industries	-	6.54
Profit distribution		
Partner		
Gravita India Limited	(483.02)	76.00
Gravita Infotech Limited	(25.42)	4.00
Expenses reimbursed		
Partner		
Gravita India Limited	1.20	

R. SOGANI & ASSOCIATES
M. No. 018755C
JAIPUR
Chartered Accountants

GRAVITA METAL INC

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M/s Gravita Metal Inc.
25, SIPCOP, IND, Area, Kathua (J&K)
Summary of the significant accounting policies and other explanatory information
For the year ended March 31, 2021
(All amounts in Rs. lacs, unless otherwise stated)

Closing balances with related parties:

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables		
Partner		
Gravita India Limited	95.17	17.50
Payable		
Partner		
Gravita India Limited	594.97	-
Capital Balances (Fixed and current capital)		
Partner		
Gravita India Limited	(1,331.51)	533.80
Gravita Infotech Limited	103.95	124.92

In terms of our report attached.
For R Sogani & Associates
Chartered Accountants
Firm's Registration No.: 018755C

Bharat Sonkhiya
Partner
Membership No: 403023

Place: Jaipur
Date : May 18, 2021

In confirmation of the facts
For Gravita Metal Inc.

Rajat Agrawal
DIN: 00855284
Managing Director of partner company Gravita India Limited and Gravita Infotech Limited

Place: Jaipur
Date : May 18, 2021