

**INDEPENDENT AUDITOR'S REPORT**

To the Partners of Penta Latex LLP

**Report on the Special Purpose Indian Accounting Standards (Ind AS) financial statements****Opinion**

We have audited the accompanying Special Purpose Ind AS financial statements of Penta Latex LLP ("the Firm"), which comprise the Balance sheet as at March 31, 2023 the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the statement of Changes in Partners Capital for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. These Special Purpose Ind AS Financial statement have been prepared for the purpose of consolidation at Mankind Pharma Limited (Firm's ultimate parent company) level.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Ind AS financial statements give true and fair view in conformity with the accounting principle generally accepted in India, of the state of affairs of the Firm as at March 31, 2023, its profit including other comprehensive income its cash flow and the changes in partner's capital for the year ended on that date.

**Basis for Opinion**

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

**Responsibilities of Management for the Special Purpose Ind AS financial statements**

The Management of the Firm is responsible for the preparation of these Special purpose Ind AS financial statement that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in Partner's capital of the firm in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013, as amended ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended specified under section 133 of the Companies Act, 2013. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the firm and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Ind AS financial statements, management is responsible for assessing



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

the Firm'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 Firm or to cease operations, or has no realistic alternative but to do so.

The Management is also responsible for overseeing the Firm's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Special Purpose Ind AS financial statements**

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

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

- Identify and assess the risks of material misstatement of the Special Purpose Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Firm'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 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 Firm to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Ind AS financial statements, including the disclosures, and whether the Special Purpose Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management 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 the management 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.



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

## **Restriction of use**

This report on the Special Purpose Ind AS Financial Statements have been solely for the information and use of the management of the Firm in connection with consolidation at the Firm's ultimate parent company and should not use by the parties for any other purpose or provided to other parties.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



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**per Vishal Sharma**

Partner

Membership Number: 096766

UDIN: 23096766BGYHUC4006

Place of Signature: Gurugram

Date: May 29, 2023



Penta Latex LLP  
Special Purpose Balance Sheet as at 31 March 2023  
All amounts are in INR lacs unless otherwise stated

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	6,498.26	6,961.22
Capital work-in-progress	3	875.74	10.61
Intangible assets	4	6.75	4.58
Right-of-use assets	5	1,158.12	1,166.15
Financial assets			
Other financial assets	7	164.68	159.55
Income tax assets (net)	17	47.50	47.50
Other non-current assets	8	523.35	49.53
<b>Total non-current assets</b>		<b>9,274.40</b>	<b>8,399.14</b>
<b>Current assets</b>			
Inventories	9	1,682.49	2,064.88
Financial assets			
Trade receivables	10	853.56	1,061.44
Cash and cash equivalents	11	0.31	0.41
Other bank balances	12	82.44	-
Loans	6	1.05	-
Other financial assets	7	23.66	-
Other current assets	8	56.87	57.09
<b>Total current assets</b>		<b>2,700.38</b>	<b>3,183.82</b>
<b>Total assets</b>		<b>11,974.78</b>	<b>11,582.96</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Partners' capital	13	6,527.14	5,083.77
<b>Total equity</b>		<b>6,527.14</b>	<b>5,083.77</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	14	868.05	1,570.27
Lease liabilities	15	10.95	11.68
Provisions	16	141.81	117.24
Deferred tax liabilities (net)	18	373.15	342.75
Other non-current liabilities	19	178.02	171.45
<b>Total non-current liabilities</b>		<b>1,571.98</b>	<b>2,213.39</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	14	1,780.76	1,528.80
Lease liabilities	15	6.70	0.74
Trade payables	20		
(a) total outstanding dues of micro enterprises and small enterprises		365.01	403.49
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		1,042.79	1,744.87
Other financial liabilities	21	185.23	112.25
Provisions	16	104.76	91.70
Income tax liabilities (net)	17	122.64	139.72
Other current liabilities	19	267.77	264.23
<b>Total current liabilities</b>		<b>3,875.66</b>	<b>4,285.80</b>
<b>Total liabilities</b>		<b>5,447.64</b>	<b>6,499.19</b>
<b>Total equity and liabilities</b>		<b>11,974.78</b>	<b>11,582.96</b>

Summary of significant accounting policies 2  
Other notes on accounts

The accompanying notes are an integral part of the financial statements. 3-41

As per our report of even date

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
Firm Reg. no. 301003E/E300005

per Vishal Sharma  
Partner  
M.No. 96766

Place: New Delhi  
Date: May 29, 2023



For and on behalf of Partners of  
Penta Latex LLP

Arun Kumar Vasistha  
Partner  
DPIN - 01092094

Place: New Delhi  
Date: May 29, 2023

Dhruv Mehendiratta  
Partner  
DPIN - 06806633

Place: New Delhi  
Date: May 29, 2023



Penta Latex LLP  
Special Purpose Statement of Profit and Loss for the year ended on 31 March 2023  
All amounts are in INR lacs unless otherwise stated

Particulars	Notes	Year ended 31 March 2023	Year ended 31 March 2022
I Revenue from operations	22	13,997.00	15,211.80
II Other income	23	83.96	61.53
III Total income (I + II)		<b>14,080.96</b>	<b>15,273.33</b>
IV Expenses			
Cost of raw materials and component consumed	24	8,714.32	9,907.42
Changes in inventories of finished goods and work in progress	25	103.78	(197.99)
Employee benefits expense	26	1,945.33	2,014.79
Finance costs	27	240.89	311.20
Depreciation and amortization expense	28	806.85	651.29
Other expenses	29	1,210.40	1,258.56
Total expenses (IV)		<b>13,021.57</b>	<b>13,945.27</b>
V Profit before tax (III-IV)		<b>1,059.39</b>	<b>1,328.06</b>
VI Tax Expense:			
Current tax	30	363.61	366.34
Deferred tax	30	30.27	110.30
Adjustment of tax relating to earlier years	30	2.31	(8.76)
Total tax expense (VI)		<b>396.19</b>	<b>467.88</b>
VII Profit for the Year (V+VI)		<b>663.20</b>	<b>860.18</b>
VIII Other comprehensive income			
(i) Item that will not be reclassified to profit or loss			
- Remeasurement gain / (loss) of the defined benefit plan	33.1	0.32	9.58
(ii) Income tax relating to item that will not be reclassified to profit or loss			
- Remeasurement gain / (loss) of the defined benefit plan	30	(0.11)	(3.35)
Other comprehensive income for the year		<b>0.21</b>	<b>6.23</b>
IX Total comprehensive income for the year attributable to partners (VII+VIII)		<b>663.41</b>	<b>866.41</b>

Summary of significant accounting policies 2

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As per our report of even date

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Penta Latex LLP  
Special Purpose Statement of Cash Flows for the year ended 31 March 2023  
All amounts are in INR lacs unless otherwise stated

	Year ended 31 March 2023	Year ended 31 March 2022
<b>A. Cash flow from operating activities</b>		
Profit before tax	1,059.39	1,328.06
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation and amortisation expense	806.85	651.29
Net foreign exchange differences	17.14	0.02
Loss/ (gain) on disposal of property, plant and equipment	3.44	-
Finance income	(10.51)	(8.97)
Interest expenses	219.89	185.08
Interest on delay deposit of income tax	6.47	11.12
Interest on lease liabilities	1.74	1.03
<i>Working capital adjustments:</i>		
(Increase)/ Decrease in trade receivables	207.88	(211.63)
(Increase)/ Decrease in inventories	382.39	(1,131.35)
(Increase)/ Decrease in financial asset - loans	(1.05)	-
(Increase)/ Decrease in financial asset - others	(28.79)	(14.74)
(Increase)/ Decrease in other asset	(3.57)	(2.85)
Increase/ (Decrease) in provisions	37.95	39.82
Increase/ (Decrease) in trade payable	(745.68)	763.17
Increase/ (Decrease) in other financial liability	5.12	18.19
Increase/ (Decrease) in other liability	10.11	205.07
Income tax paid	1,968.77	1,833.31
<b>Net cash flows from operating activities (A)</b>	(389.45)	(237.76)
	<b>1,579.32</b>	<b>1,595.55</b>
<b>B. Cash flow from investing activities</b>		
Proceeds from sale of property, plant and equipment	22.00	-
Purchase of property, plant and equipment	(1,632.44)	(1,487.25)
Bank deposit not considered as cash and cash equivalents (net)	(82.44)	-
Interest received (finance income)	10.51	8.97
<b>Net cash flows from investing activities (B)</b>	(1,682.37)	(1,478.28)
<b>C. Cash flow from financing activities</b>		
Addition/ (Withdrawal) in partner's capital	779.96	(134.99)
Lease liability payment	(6.86)	(1.22)
Interest paid	(219.89)	(185.08)
Proceeds from borrowings - Non-Current	-	500.49
Repayment of borrowings - Non-Current	(541.29)	(410.99)
Proceeds from borrowings - Current	91.03	114.27
<b>Net cash flows from/(used in) financing activities (C)</b>	102.95	(117.52)
Net increase in cash and cash equivalents (A+B+C)	(0.10)	(0.25)
Cash and cash equivalents at the beginning of the year	0.41	0.66
<b>Cash and cash equivalents at the end of the year</b>	<b>0.31</b>	<b>0.41</b>
<b>Components of Cash and cash equivalents includes the following:</b>		
Balances with banks		
- In current account		0.03
Cash in hand	0.31	0.38
	<b>0.31</b>	<b>0.41</b>

The above statement of cash flows has been prepared using "Indirect method" set out in applicable Ind AS 7, "Statement of Cash Flows".

Summary of significant accounting policies

2

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

3-41

As per our report of even date

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
Firm Reg. no. 301003E/E300005

per Vishal Sharma  
Partner  
M.No. 96766

Place: New Delhi  
Date: May 29, 2023



For and on behalf of Partners of  
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Arun Kumar Vasistha  
Partner  
DPIN - 01092094

Place : New Delhi  
Date : May 29, 2023

Dhruv Mehendiratta  
Partner  
DPIN - 06806633

Place : New Delhi  
Date : May 29, 2023

**Penta Latex LLP**  
**Special Purpose Statement of Changes in Partner`s capital for the**  
**All amounts are in INR lacs unless otherwise stated**

**Statement of Changes in Partner`s capital**

**Particulars**

**As at 01 April 2021**

Changes in partner's capital during the year

**As at 31 March 2022**

Changes in partner's capital during the year

**As at 31 March 2023**

Particulars
<b>Balance as at 01 April 2021</b>
Profit for the year
Other comprehensive income for the year, net of income tax
<b>Total comprehensive income for the year</b>
Add: Addition during the year
Less: Withdrawal during the year
<b>Balance as at 31 March 2022</b>
Profit for the year
Other comprehensive income for the year, net of income tax
<b>Total comprehensive income for the period</b>
Add: Addition during the year
Less: Withdrawal during the year
<b>Balance as at 31 March 2023</b>

**Summary of significant accounting policies**

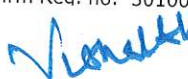
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As per our report of even date

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

Chartered Accountants

Firm Reg. no. 301003E/E300005

  
per Vishal Sharma

Partner

M.No. 96766

Place: New Delhi

Date: May 29, 2023





**Penta Latex LLP**

**Notes forming part of the special purpose financial statements for the year ended 31 March 2023**

**1 CORPORATE INFORMATION**

Penta Latex LLP ("the Firm") was established in March 2012 having its registered office at 208, Okhla Industrial Estate, Phase-III, New Delhi South Delhi - 110020, India. The Firm is engaged in the manufacturing of condoms and Face masks.

The special purpose financial statements of the firm have been prepared for the purpose of consolidation at group level and the same were authorized by the partners for issue in accordance with resolution passed on May 29, 2023.

**2 Significant Accounting Policies**

This note provides a list of the significant accounting policies adopted in the preparation of these Indian Accounting Standards (Ind-AS) financial statements. These policies have been consistently applied to all the years except where newly issued accounting standard is initially adopted.

**New and amended standards**

The firm has applied the following amendments to Ind AS for the first time for their latest annual reporting period commencing from April 1, 2022:

- (i) Onerous Contracts - Costs of Fulfilling a Contract - Amendments to Ind AS 37
- (ii) Reference to the Conceptual Framework - Amendments to Ind AS 103
- (iii) Property, Plant and Equipment: Proceeds before Intended Use - Amendments to Ind AS 16
- (iv) Ind AS 101 First-time Adoption of Indian Accounting Standards - Subsidiary as a first-time adopter
- (v) Ind AS 109 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
- (vi) Ind AS 41 Agriculture - Taxation in fair value measurements

The amendments listed above did not have any impact on the amounts recognised in prior periods presented and are not expected to significantly affect the current or future periods.

**Recent pronouncements**

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 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**2 Basis of preparation of Financial Statements**

These financial statements of the Firm have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III). These financial statements are presented in INR and all values are rounded to the nearest lacs (INR 00,000), except when otherwise indicated.

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

- i) Certain financial assets and liabilities that is measured at fair value
- ii) Defined benefit plans-plan assets measured at fair value





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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. the Firm has identified twelve months as its operating cycle.

**2.03 Property, plant and equipment**

Property, Plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of input tax credit availed wherever applicable.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Firm depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Firm and the cost of item can be measured reliably.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

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

Depreciation on property, plant and equipment is calculated on prorata basis on straight-line method using the useful lives of the assets estimated by management. The useful life is as follows:

Assets	Useful life (in years)
Building	30
Plant and Equipment *	15-20
Furniture and Fixtures	10
Vehicles	8-10
Office Equipment	5
Electrical equipment and fittings	10
Computers	3
Network and servers	6

\* Plant and Equipment includes Glass mould assets which has been depreciated over useful life of 3 years.

The useful lives have been determined based on technical evaluation done by the management's expert. The residual values are not more than 5% of the original cost of the assets. The asset's residual values and useful lives are reviewed, and adjusted if appropriate.

Lease hold improvements are depreciated on straight line basis over shorter of the asset's useful life and their initial agreement period.

Leasehold land is amortized on a straight line basis over the unexpired period of the respective lease of 90 years.



**2.04 Investment Properties**

Property that is held for long term rental yields or for capital appreciation or for both, and that is not occupied by the Firm, is classified as investment property. Investment property is measured initially at its cost, including related transaction cost and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalized to assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Firm and the cost of the item can be measured reliably. When significant parts of investment property are required to be replaced at intervals, the Firm depreciates them separately based on their respective useful lives. All other repair and maintenance cost are expensed when incurred.

Though the Firm measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying a valuation model as per Ind AS 113 "Fair value measurement".

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Investment properties are depreciated using straight line method over their estimated useful life. Investment properties comprising of factory building is depreciated over useful life of 30 years and leasehold land is amortized on a straight line basis over the unexpired period of the lease.

**2.05 Intangible assets****Separately acquired intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Cost of intangible assets acquired in business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets are disposed off.

Intangible assets with finite useful life are amortized on a straight line basis over their estimated useful life as under

**Assets**

Computer Software

**Useful life (in years)**

3





## 2.06 Impairment of non- financial assets

The Firm assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Firm estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Firm bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Firm's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Firm extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Firm operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding intangible assets having indefinite life, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Firm estimates the asset's or CGU's recoverable amount. A previously recognised 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 recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

## 2.07 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) Financial Assets.

The Firm 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)
- Those measured at amortized cost

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Firm's business model for managing them.



#### Initial recognition and measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Firm has applied the practical expedient, the Firm initially 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.

Trade receivables that do not contain a significant financing component or for which the Firm has applied the practical expedient and are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 'Revenue from contracts with customers'.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Firm's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

#### Subsequent measurement

For purposes of subsequent measurement financial assets are classified in following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- a) **Business Model Test** : The objective is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes) and;
- b) **Cash flow characteristics test**: The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

This category is most relevant to the Firm. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Firm estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in other income in profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.





**Financial assets at fair value through OCI (FVTOCI) (debt instruments)**

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- a) **Business Model Test** : The objective of financial instrument is achieved by both collecting contractual cash flows and selling the financial assets; and
- b) **Cash flow characteristics test**: The contractual terms of the Debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognized in statement of profit and loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

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

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

**Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Firm can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Firm benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

**Embedded Derivatives**

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Firm of similar financial assets) is primarily derecognised (i.e. removed from the Firm's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- the Firm 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 Firm has transferred substantially all the risks and rewards of the asset, or
  - (b) the Firm has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Firm has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Firm continues to recognise the transferred asset to the extent of the Firm's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.



**Impairment of financial assets**

In accordance with IND AS 109, the Firm applies expected credit losses( ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income(FVTOCI);

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group 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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). 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 (a lifetime ECL).

The Firm follows "simplified approach" for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables;
- All lease receivables resulting from the transactions within the scope of Ind AS 116 -Leases

Under the simplified approach, the Firm does not track changes in credit risk. Rather , it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Firm uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

**(a) Financial assets measured as at amortised cost:** ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the group does not reduce impairment allowance from the gross carrying amount.

**(b) Loan commitments and financial guarantee contracts:** ECL is presented as a provision in the balance sheet, i.e. as a liability.

**(c) Debt instruments measured at FVTOCI:** For debt instruments measured at FVTOCI, the expected credit losses do not reduce the carrying amount in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as the accumulated impairment amount.

**(ii) Financial liabilities:**

**Initial recognition and measurement**

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Firm financial liabilities include loans and borrowings, trade payables, trade deposits, retention money, liabilities towards services, sales incentive and other payables.

**Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- (i) Financial liabilities at fair value through profit or loss
- (ii) Financial liabilities at amortised cost (loans and borrowings)





**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Firm that are not designated, as hedging instruments in hedge relationship as defined by Ind AS 109. The separated embedded derivate are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Firm may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. the Firm has not designated any financial liability as at fair value through profit and loss.

**Financial liabilities at amortised cost (Loans and borrowings)**

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the Effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the Effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective interest rate. The Effective interest rate amortization is included as finance costs in the statement of profit and loss.

**Trade Payables**

These amounts represents liabilities for goods and services provided to the Firm prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 to 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using Effective interest rate method.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Firm are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of IND AS 109 and the amount recognized less cumulative amortization.

**Derecognition**

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 recognized in the statement of profit and loss.

**Offsetting of financial instruments**

Financials 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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**Reclassification of financial assets/ financial liabilities**

The Firm determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Firm's senior management determines change in the business model as a result of external or internal changes which are significant to the Firm's operations. Such changes are evident to external parties. A change in the business model occurs when the Firm either begins or ceases to perform an activity that is significant to its operations. If the Firm reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Firm does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.





## 2.08 Inventories

### a) Basis of valuation:

Inventories are valued at lower of cost and net realizable value after providing cost of obsolescence, if any. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by-item basis.

### b) Method of Valuation:

- i) Cost of raw materials has been determined by using moving weighted average cost method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.
- ii) Cost of finished goods and work-in-progress includes direct labour and an appropriate share of fixed and variable production overheads and excise duty as applicable. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Cost is determined on moving weighted average basis.
- iii) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## 2.09 Non-current assets held for sale

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

The criteria for held for sale classification is regarded as met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold. The Firm treats sale of the asset to be highly probable when:

- i) The appropriate level of management is committed to a plan to sell the asset
- ii) An active programme to locate a buyer and complete the plan has been initiated (if applicable)
- iii) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair
- iv) The sale is expected to qualify for recognition as a completed sale within one year from the date of
- v) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized. Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

## 2.10 Taxes

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

### a) Current income tax

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

Current income tax relating to item recognized outside the statement of profit and loss is recognized outside profit or loss (either in other comprehensive income or equity). Current tax items are recognized in correlation to the underlying transactions either in OCI or directly 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.





**b) Deferred Tax**

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

**Deferred tax liabilities are recognised for all taxable temporary differences, except:**

- i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the 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 realized 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 relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or direct in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realized are recognised in profit or loss.

Alternate minimum tax (AMT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned Firm will pay normal income tax during the specified period, i.e., the period for which AMT credit is allowed to be carried forward. In the year in which the Firm recognizes AMT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of reduction from deferred tax liability. The Firm reviews the "AMT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

In the situations where any unit of the Firm is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the unit's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Firm restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.





**2.11 Revenue from contract with customers**

The Firm manufactures/ trades and sells a range of pharmaceutical and healthcare products. Revenue from contracts with customers involving sale of these products is recognized at a point in time when control of the product has been transferred, and there are no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products are shipped to specific location and control has

**(a) Sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods and there are no unfulfilled obligations.

The Firm considers, whether there are other promises in the contract in which their are separate performance obligations, to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Firm allocates a portion of the transaction price to goods bases on its relative prices and also considers the following:-

**(i) Variable consideration**

The Firm recognizes revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If the consideration in a contract includes a variable amount, the Firm estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

**(ii) Sales Return**

The Firm accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Firm's estimate of expected sales returns. With respect to established products, the Firm considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Firm's business and markets. With respect to new products introduced by the Firm, such products have historically been either extensions of an existing line of product where the Firm has historical experience or in therapeutic categories where established products exist and are sold either by the Firm or the Firm's competitors.

**(iii) Significant Financing Components**

In respect of short-term advances from its customers, using the practical expedient in Ind AS 115, the Firm does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be within normal operating cycle.

**(c) Contract balances**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Firm performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. A receivables represents the Firm's right to an amount of consideration that is unconditional.

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

A trade receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (Financial instruments – initial recognition and subsequent measurement).

**Other Operating Revenues****(a) Rental Income**

Rental income arising from operating leases on investment properties is accounted for on a straight - line basis over the lease terms and is included in other income in the statement of profit or loss due to its non-operating nature.

**(b) Interest Income**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Firm estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

**(c) Export benefit**

Revenue from export benefits arising from Duty entitlement pass book (DEPB scheme), duty drawback scheme, merchandise export incentive scheme are recognised on export of goods in accordance with their respective underlying scheme at fair value of consideration received or receivable.



## 2.12 Retirement and other employee benefits

### (i) Short-term obligations

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### (ii) Other long-term employee benefit obligations

#### a) Gratuity

The Firm has a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to employees who have completed four years and two forty days or more of service at retirement, disability or termination of employment, being an amount based on the respective employee's last drawn salary and the number of years of employment with the Firm.

The Gratuity Plan, which is defined benefit plan, is managed by Trust with its investments maintained with Life insurance Corporation of India. The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date, based upon which the Firm contributes to the Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds is provided for as assets/ (liability) in the books. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Firm recognizes the following changes in the net defined benefit obligation under Employee benefit expense in statement of profit or loss:

- a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- b) Net interest expense or income

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

#### b) Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. the Firm has no obligation, other than the contribution payable to the provident fund. The Firm recognizes contribution payable through provident fund scheme as an expense, when an employee renders the related services. If the contribution payable to scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excesses recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

#### c) Other employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date on the basis of actuarial valuation.

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 and are never reclassified to statement of profit and loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.





### 2.13 Leases

The Firm assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Firm as a lessee

The Firm's lease asset classes primarily comprise of lease for land and building. The Firm applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Firm recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets

The Firm recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the building (i.e. 30 and 60 years)

If ownership of the leased asset transfers to the Firm at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 'Impairment of non-financial assets'.

#### ii) Lease Liabilities

At the commencement date of the lease, the Firm recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Firm and payments of penalties for terminating the lease, if the lease term reflects the Firm exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Firm uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### (iii) Short-term leases and leases of low-value assets

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

#### Firm as a lessor

Leases for which the Firm is a lessor is classified as finance or operating lease. Leases in which the Firm does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### 2.14 Government Grants

Government Grants are recognized at their fair value when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Government grant related to the non-monetary asset are recognised at nominal value and presented by deducting the same from carrying amount of related asset and the grant is included in non current liability as deferred income, then recognised in profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

When the Firm receives grants of non-monetary assets, the asset and grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.





#### 2.15 Borrowing Costs

Borrowing cost includes interest and other costs incurred in connection with the borrowing of funds and charged to Statement of Profit & Loss on the basis of effective interest rate (EIR) method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are recognized as expense in the period in which they occur.

#### 2.16 Exceptional Items

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the Firm's financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments in subsidiaries, associates and joint venture and impairment losses/ write down in value of investment in subsidiaries, associates and joint venture and significant disposal of fixed assets etc.

#### 2.17 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, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposit held at call with financial institutions, other short - term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### 2.18 Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Firm can demonstrate:

- ▶ The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- ▶ Its intention to complete and its ability and intention to use or sell the asset
- ▶ How the asset will generate future economic benefits
- ▶ The availability of resources to complete the asset
- ▶ The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

#### 2.19 Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Firm's financial statements are presented in Indian rupee (INR) which is also the Firm's functional and presentation currency.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are generally recognised in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

##### (iii) Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognized as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).



## 2.20 Provisions and Contingent Liabilities

### Provisions

A provision is recognized when the Firm has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### Sales Return

Provisions for sales returns is determined based on the historical percentage of sales return for the same types of goods for which the provision is currently being determined. The same percentage to the sales is applied for the current accounting period to derive the provision for sales return to be accrued. It is very unlikely that actual sales return will exactly match the historical percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

### Contingent liabilities

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

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

## 2.21 Fair value measurement

The Firm measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary 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 asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or 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.

The Firm uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising 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 statements 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 fair value measurement as a whole ) at the end of each reporting period.

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.





## 2.22 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these judgements, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### Judgments

In the process of applying the Firm's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

#### a) Leases

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

The Firm has several lease contracts that include extension and termination options. The Firm applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Firm reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Firm based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Firm. Such changes are reflected in the assumptions when they occur.

#### a) Taxes

Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Firm establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

#### b) Gratuity benefit

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for India. Future salary increases and pension increases are based on expected future inflation rates for India. Further details about the assumptions used, including a sensitivity analysis, are given in Note 30.1.

#### c) Fair value measurement of financial instrument

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### d) Impairment of financial assets

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



**e) Impairment of non-financial assets**

The Firm assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Firm estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's CGU's fair value less cost of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are estimated based on past trend and 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other fair value indicators.

**f) Provision for sales return**

Provisions for sales returns is determined based on the historical percentage of sales return for the same types of goods for which the provision is currently being determined. The same percentage to the sales is applied for the current accounting period to derive the provision for sales return to be accrued. It is very unlikely that actual sales return will exactly match the historical percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

**g) Provision for expected credit losses (ECL) of trade receivables and contract assets**

The Firm uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Firm's historical observed default rates. The Firm will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Firm's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Firm's trade receivables and contract assets is disclosed in Note 9.

**h) Property, Plant and Equipment**

Property, Plant and Equipment represent significant portion of the asset base of the Firm. The charge in respect of periodic depreciation is derived after determining an estimate of assets expected useful life and expected value at the end of its useful life. The useful life and residual value of Firm's assets are determined by Management at the time asset is acquired and reviewed periodically including at the end of each year. The useful life is based on historical experience with similar assets, in anticipation of future events, which may have impact on their life such as change in technology.

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All amounts are in INR lacs unless otherwise stated

3 Property, plant and equipment

Carrying amounts of:

Net carrying value:

	As at 31 March 2023	As at 31 March 2022
Building	1,728.49	1,728.49
Plant and machinery	4,419.35	4,824.67
Furniture and fixtures	176.54	202.33
Vehicles	82.16	32.12
Office equipment	17.84	18.68
Electrical Equipments & Fittings	130.23	147.13
Computers	8.23	7.80
Capital work in progress	6,498.26	6,961.22
	875.74	10.61
	7,374.00	6,971.83

Gross carrying value:

	As at 31 March 2023	As at 31 March 2022
Balance as at 01 April 2021	2,208.87	2,208.87
Additions	18.38	5.12
Disposals	-	-
Balance as at 31 March 2022	2,227.25	2,213.99
Additions	2.73	1.76
Disposals / Adjustments	86.42	4.08
Balance as at 31 March 2023	2,229.98	2,219.83

Accumulated depreciation:

	As at 31 March 2023	As at 31 March 2022
Balance as at 01 April 2021	435.94	435.94
Depreciation expense	62.82	37.54
Disposals	-	-
Balance as at 31 March 2022	498.76	473.48
Depreciation expense	67.31	27.55
Disposals	-	(21.53)
Balance as at 31 March 2023	566.07	479.50

Net carrying value:

	As at 31 March 2023	As at 31 March 2022
Balance as at 31 March 2022	1,728.49	1,740.50
Balance as at 31 March 2023	1,663.91	1,739.00

Note:

- During the period ended 31 March 2023, additions to plant and machinery includes INR Nil (31 March, 2022: INR 178.03) on account of government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on import of plant and equipment.
- Certain assets has been hypothecated as security by the Firm (Refer note 14).
- Disclosure of capital commitment for acquisition of property, plant and equipment is disclosed in note 31B.
- The firm undisputedly possesses the title deeds for all properties held by the firm, presented under 'Buildings' in the above schedule.
- There are no projects which are either temporarily suspended or which has exceeded its budget.
- Capital work in progress as at March 31, 2023 mainly includes assets under construction at new manufacturing plant being set up in Plot No.1 SIDCUL, Haridwar. Reduction in capital work in progress represents assets capitalised during the year.

3.1 Capital work-in-progress aging schedule

Particulars	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
i. Projects in progress	874.74	1.00	-	875.74
Total	874.74	1.00	-	875.74

Particulars	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	More than 3 years	
i. Projects in progress	10.61	-	-	10.61
Total	10.61	-	-	10.61

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	As at 31 March 2023	As at 31 March 2022
<b>4 Intangible assets</b>		
<b>Net carrying Value :</b>		
Computer software	6.75	4.58
	<b>6.75</b>	<b>4.58</b>
	<b>Computer software</b>	<b>Total</b>
<b>Gross carrying Value :</b>		
<b>Balance as at 01 April 2021</b>	<b>18.41</b>	<b>18.41</b>
Additions	1.52	1.52
Disposals	-	-
<b>Balance as at 31 March 2022</b>	<b>19.93</b>	<b>19.93</b>
Additions	5.61	5.61
Disposals	-	-
<b>Balance as at 31 March 2023</b>	<b>25.54</b>	<b>25.54</b>
<b>Accumulated depreciation:</b>		
<b>Balance as at 01 April 2021</b>	<b>12.38</b>	<b>12.38</b>
Amortisation expense	2.97	2.97
Disposals	-	-
<b>Balance as at 31 March 2022</b>	<b>15.35</b>	<b>15.35</b>
Amortisation expense	3.44	3.44
Disposals	-	-
<b>Balance as at 31 March 2023</b>	<b>18.79</b>	<b>18.79</b>
<b>Net carrying value</b>		
<b>Balance as at 31 March 2022</b>	<b>4.58</b>	<b>4.58</b>
<b>Balance as at 31 March 2023</b>	<b>6.75</b>	<b>6.74</b>

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Notes forming part of the special purpose financial statements for the year ended 31 March 2023

All amounts are in INR lacs unless otherwise stated

	As at 31 March 2023	As at 31 March 2022
<b>5 Right-of-use assets</b>		
<b>Net carrying value :</b>		
Leasehold Land	1,152.95	1,166.15
Building	5.17	-
	<b>1,158.12</b>	<b>1,166.15</b>
	<b>Leasehold Land</b>	<b>Building</b>
		<b>Total</b>
<b>Gross carrying value:</b>		
<b>Balance as at 01 April 2021</b>	<b>1,205.28</b>	<b>1,205.28</b>
Additions	-	-
Disposals	-	-
<b>Balance as at 31 March 2022</b>	<b>1,205.28</b>	<b>1,205.28</b>
Additions	-	<b>10.36</b>
Disposals	-	-
<b>Balance as at 31 March 2023</b>	<b>1,205.28</b>	<b>1,215.64</b>
<b>Accumulated depreciation:</b>		
<b>Balance as at 01 April 2021</b>	<b>26.19</b>	<b>26.19</b>
Depreciation expense	12.94	-
Disposals	-	12.94
<b>Balance as at 31 March 2022</b>	<b>39.13</b>	<b>39.13</b>
Depreciation expense	13.20	5.19
Disposals	-	-
<b>Balance as at 31 March 2023</b>	<b>52.33</b>	<b>18.39</b>
<b>Net carrying value</b>		
<b>Balance as at 31 March 2022</b>	<b>1,166.15</b>	<b>1,166.15</b>
<b>Balance as at 31 March 2023</b>	<b>1,152.95</b>	<b>1,158.12</b>

**Note:**

- a) Right-of-use assets includes Lease hold land and building taken on long term lease agreement of 90 and 2 years respectively.
- b) The firm undisputedly possesses the lease deeds for all properties held by the firm, presented under 'Leasehold Land' in the above schedule.
- c) Leasehold Land have been hypothecated as security by the firm (refer note -14).

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Notes forming part of the special purpose financial statements for the year ended 31 March 2023

All amounts are in INR lacs unless otherwise stated

	As at 31 March 2023	As at 31 March 2022
<b>6 Loans</b>		
<b>Current</b>		
<b>(unsecured and considered good, valued at amortised cost)</b>		
Loan to employees	1.05	-
	<b>1.05</b>	<b>-</b>
<b>7 Other financial assets</b>		
<b>Non-Current</b>		
<b>(Unsecured and considered good)</b>		
<b>Financial assets carried at amortised cost</b>		
Security deposits	130.55	79.30
Bank deposits with maturity of more than 12 months (refer note (a) below)	34.13	80.25
	<b>164.68</b>	<b>159.55</b>
<b>Current</b>		
<b>(Unsecured and considered good)</b>		
<b>Financial assets carried at amortised cost</b>		
Security Deposits	23.66	-
	<b>23.66</b>	<b>-</b>

**Notes:**

- a. Bank deposits of INR 34.13 lacs (March 31, 2022: INR 80.25 lacs) are lien marked with banks against which bank guarantees have been issued to government authorities.

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Penta Latex LLP

Notes forming part of the special purpose financial statements for the year ended 31 March 2023

All amounts are in INR lacs unless otherwise stated

	As at 31 March 2023	As at 31 March 2022
<b>8 Other assets</b>		
<b>Non-Current (unsecured and considered good)</b>		
Capital advances	519.51	49.48
Prepaid Expenses	3.84	0.05
	<b>523.35</b>	<b>49.53</b>
<b>Current (unsecured and considered good)</b>		
Prepaid expenses	27.85	26.15
Advances to vendors	0.21	3.40
Balances with Government authorities	28.81	27.54
	<b>56.87</b>	<b>57.09</b>

**Note:**

The Firm has accumulated GST of INR 28.81 lacs (March 31, 2022: INR 27.54 lacs) on account of inverted duty structure. The firm will file for refund and expects to recover the same in next year.

	As at 31 March 2023	As at 31 March 2022
<b>9 Inventories (refer accounting policy 2.08)</b>		
Raw materials and Packing materials (at cost)		
In hand	1,246.21	1,539.71
In transit	99.91	83.52
Work-in-progress (at cost)	192.14	414.49
Finished goods (at lower of cost or net realisable value)	141.76	23.19
Stores and spares (at cost)	2.47	3.97
	<b>1,682.49</b>	<b>2,064.88</b>

**Note:**

The cost of inventories recognised as an expense includes Nil (March 31, 2022: INR 35.70 lacs) for the year ended March 31, 2023 in respect of write down of inventory on account of expiry and breakage of the inventories. There has been no reversal of such write downs in current year. These adjustments were included in cost of material consumed and changes in inventories.

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	As at 31 March 2023	As at 31 March 2022
<b>10 Contract balances</b>		
Contract balances includes following:		
(i) Trade receivables		
(valued at amortised cost)		
Unsecured, considered good	0.64	8.34
Considered good - Related Parties (refer note 32)	852.92	1,053.10
	<u>853.56</u>	<u>1,061.44</u>

**10.1 Trade Receivables aging schedule**

As at March 31, 2023							
Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	766.65	86.91	-	-	-	-	853.56
	<u>766.65</u>	<u>86.91</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>853.56</u>

As at March 31, 2022							
Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	1,049.72	11.72	-	-	-	-	1,061.44
	<u>1,049.72</u>	<u>11.72</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,061.44</u>

- a. Trade Receivable represents the amount of consideration in exchange for goods or services transferred to the customers that is unconditional. Trade receivables are usually non-interest bearing and are on trade term of 30 to 60 days.
- b. The Firm has used a practical expedient by computing the expected credit loss allowance for trade receivables based on historical credit loss experience and adjusted for forward looking information.
- Receivables are deemed to be past due or impaired with reference to the Firm's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the below table are those that have not been settled within the terms and conditions that have been agreed with that customer.
- c. Trade receivables include receivable from related parties INR 852.86 lacs (31 March 2022: 1053.10 lacs) (refer note 32).
- d. There are no unbilled receivable.
- e. Trade receivables represent the amount of consideration for transfer of goods or services to the customers that is unconditional.
- f. The company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in Note 34

**11 Cash and cash equivalents**

	As at 31 March 2023	As at 31 March 2022
Balances with banks		
- In current account	-	0.03
Cash in hand	0.31	0.38
	<u>0.31</u>	<u>0.41</u>

- Note:**
- a. There are no restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period.
- b. Break up of financial assets carried at amortised cost

	As at 31 March 2023	As at 31 March 2022
Trade receivable (Note 10)	853.56	1,061.44
Cash and cash equivalents (Note 11)	0.31	0.41
Other financial assets (Note 7)	164.68	159.55
Other Bank balances (Note 12)	82.44	-
Loans (Note 6)	1.05	-
	<u>1,102.04</u>	<u>1,221.40</u>

**12 Other bank balances**

	As at 31 March 2023	As at 31 March 2022
Bank deposits with original maturity of more than three months but remaining maturity of less than twelve months (refer note (a) below)	82.44	-
	<u>82.44</u>	<u>-</u>

- Note:**
- a. Bank deposits of INR 82.44 lacs (March 31, 2022: INR Nil) are lien marked with banks against which bank guarantees have been issued to government authorities.





**Penta Latex LLP**

Notes forming part of the special purpose financial statements for the year ended 31 March 2023  
All amounts are in INR lacs unless otherwise stated

13 Partner's capital	As at	
	31 March 2023	31 March 2022
Partners capital	6,527.14	5,083.77
	<b>6,527.14</b>	<b>5,083.77</b>

Particulars	As at	
	31 March 2023	31 March 2022
Partner's capital at the beginning of the year	5,083.75	4,352.35
Add : Capital contributed during the year	800.00	-
Add : Profit earned during the year	663.39	866.40
Less : Capital withdrawn during the year	(20.00)	(135.00)
<b>Partner's capital at the end of the year</b>	<b>6,527.14</b>	<b>5,083.75</b>

Name of Partner	As at		As at	
	31 March 2023		31 March 2022	
	Amount	% of profit sharing	Amount	% of profit sharing
Arun Kumar Vasishtha	806.53	16.00%	700.39	16.00%
Dhruv Mehendiratta	806.53	16.00%	700.39	16.00%
Mankind Pharma Limited	4,914.08	68.00%	3,682.97	68.00%
	<b>6,527.14</b>	<b>100.00%</b>	<b>5,083.75</b>	<b>100.00%</b>

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Penta Latex LLP  
Notes forming part of the special purpose financial statements for the year ended 31 March 2023  
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	As at 31 March 2023	As at 31 March 2022
<b>14 Borrowings</b>		
<b>Non-current</b>		
<b>(Secured, valued at amortised cost)</b>		
Secured bank loans (refer note a)	1,332.67	1,775.96
Working capital Term loan under ECGLS (refer note c)	<u>248.00</u>	<u>346.00</u>
Current maturities of Term loans	1,580.67	2,121.96
	<u>(712.62)</u>	<u>(551.69)</u>
<b>Non-Current Portion</b>	<b><u>868.05</u></b>	<b><u>1,570.27</u></b>
<b>Current</b>		
<b>(Secured, at amortised cost)</b>		
Cash credit facility from bank (refer note b)	1,068.14	977.11
<b>(Unsecured, at amortised cost)</b>		
Current maturities of Term loans	<u>712.62</u>	<u>551.69</u>
	<b><u>1,780.76</u></b>	<b><u>1,528.80</u></b>

**Note:**

a) The Firm has availed secured loan of INR 2,750.00 Lacs (March 31, 2022: INR 2,750.00 lacs) against the sanctioned term loan amount of INR 2,750.00 lacs (March 31, 2022: INR 2,750.00 lacs) from HDFC Bank. The current outstanding amount against the loan is INR 1332.67 lacs (March 31, 2022: INR 1,775.96 lacs). The loan was obtained for the purpose of fresh capital expenditure. The Term loan is repayable over the period of 6 years including 6 months moratorium period, last installment being payable in November, 2026 as per terms of agreement.

The above loan carries interest in the range of 7% p.a. to 9.83% p.a. (March 31, 2022: 7% p.a. to 7.45% p.a.) and is secured by way of following:

- First and exclusive charge by way of hypothecation on entire current assets of borrower both present and future.
- Personal Guarantee of partners of the firm, Mr. Arun Kumar Vashishta, Mr. Dhruv Mehndiratta and Mr. Arjun Juneja (on behalf of Mankind Pharma limited).
- First and exclusive charge on land and proposed building on Plot No.1, Sector 8A, IIE, SIDCUL, UK 249403.
- First and exclusive charge on plot no. 49 and 50 Sector 2, IIE, SIDCUL, UK 249403
- First and exclusive charge by the way of hypothecation on entire movable fixed assets of borrower both present and future.

b) The Firm has availed secured cash credit from HDFC bank amounting to INR 1,068.14 lacs (March 31, 2022: INR 977.11 lacs) against the sanctioned amount of INR 1,800 lacs (March 2022 : INR 1,200 lacs) and carries interest of 8 % p.a. (March 31, 2022: 7.05% p.a.). Cash credit facility is secured by way of following:

- First and exclusive charge by way of hypothecation on entire current assets of borrower both present and future.
- Personal Guarantee of partners of the firm, Mr. Arun Kumar Vashishta, Mr. Dhruv Mehndiratta and Mr. Arjun Juneja (on behalf of Mankind Pharma limited).
- First and exclusive charge on land and proposed building on Plot No.1, Sector 8A, IIE, SIDCUL, UK 249403.
- First and exclusive charge on plot no. 49 and 50 Sector 2, IIE, SIDCUL, UK 249403
- First and exclusive charge by the way of hypothecation on entire movable fixed assets of borrower both present and future.

c) The Firm has obtained secured working capital term loan under ECLGS ("Emergency Credit line Guaranteed scheme") amounting to INR 496.00 lacs (March 31, 2022: INR 496.00 lacs) from HDFC bank against the sanctioned amount of INR 496.00 lacs (March 31, 2022: INR 496.00 lacs). Current outstanding loan is INR 248.00 lacs (31 March, 2022: INR 346.00 lacs) as on 31 March, 2023. The loan is obtained for the purpose to augment the working capital requirement to enable business unit to meet operating liabilities and restart / increase operations and repayable in 36 monthly equated installments after moratorium of 12 months.

This facility is secured by 100% guarantee from NCGTC (National credit guarantee Trustee Company Ltd. (Ministry of Finance, Government of India)). The loan carries interest rate of 8% p.a.

The Loan has been secured by extension of second charge over existing primary and collateral securities including mortgages created in favour of the bank.

d) Quarterly returns or statements of current assets filed by the firm with banks or financial institutions are in agreement with the books of accounts subject to the followings

**For the period ended March 31, 2023**

Quarter ending	Value per books of account	Value per quarterly return/statement	Discrepancy (give details)
	(Rs. In lacs)	(Rs. In lacs)	(Rs. In lacs)
	(A)	(B)	(A-B)
<b>Trade receivable</b>			
30-Jun-22	2,121.33	2,143.03	(21.70)
30-Sep-22	1,606.64	1,602.91	3.73
31-Dec-22	1,903.43	1,904.99	(1.56)
<b>Inventories</b>			
30-Jun-22	1,477.74	1,477.74	(0.00)
30-Sep-22	1,710.93	1,641.24	69.69
31-Dec-22	1,704.50	1,413.04	291.46

**For the year ended March 31, 2022**

Quarter ending	Value per books of account	Value per quarterly return/statement	Discrepancy (give details)
	(Rs. In lacs)	(Rs. In lacs)	(Rs. In lacs)
	(A)	(B)	(A-B)
<b>Trade receivable</b>			
30-Jun-21	1,654.02	1,655.41	(1.39)
30-Sep-21	1,109.16	1,110.44	(1.28)
31-Dec-21	1,696.00	1,695.11	0.89
31-Mar-22	1,761.44	1,754.99	6.45
<b>Inventories</b>			
30-Jun-21	829.95	799.24	30.71
30-Sep-21	848.76	848.76	0.00
31-Dec-21	1,069.43	1,068.37	1.06
31-Mar-22	2,064.88	1,849.53	215.35

\* variance is on account of entries posted in routine book closure process which is normally concluded post filing of statements with the banks.





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All amounts are in INR lacs unless otherwise stated

e) Changes in liability arising from financing activities:

Particulars	Non-Current borrowings*		Current borrowings		Lease liability	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Opening balances	2,121.96	2,032.46	977.11	862.84	12.42	12.61
Addition on account of adoption of Ind AS 116 "Leases"	-	-	-	-	10.35	-
Cash inflow	-	500.49	91.03	114.27	-	-
Cash outflow	(541.29)	(410.99)	-	-	(6.86)	(1.22)
Interest expenses	149.82	135.53	70.07	49.55	1.74	1.03
Interest paid	(149.82)	(135.53)	(70.07)	(49.55)	-	-
<b>Closing balances</b>	<b>1,580.67</b>	<b>2,121.96</b>	<b>1,068.14</b>	<b>977.11</b>	<b>17.65</b>	<b>12.42</b>

\* Non-current borrowings include Current maturities of Term loans for disclosure purpose

15 Lease liability

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
Lease liability (refer note 36)	10.95	11.68
	<b>10.95</b>	<b>11.68</b>
<b>Current</b>		
Lease liability (refer note 36)	6.70	0.74
	<b>6.70</b>	<b>0.74</b>
Balance as at the beginning of the year	12.42	12.61
Additions	10.35	-
Accretion of interest	1.74	1.03
Payments	(6.86)	(1.22)
Balance as at the end of the year	<b>17.65</b>	<b>12.42</b>
Current	6.70	0.74
Non-current	10.95	11.68

Note:

i) The effective interest rate for lease liabilities is 8.5%, with maturity between 2020-2109.

ii) Total cash outflow for leases for the year ended 31 March 2023 was Rs. 6.86 lakhs. Variable lease payments are expensed in the period they are incurred. Expected future cash outflow as at 31 March 2023 is of Rs.90.82 lakhs.

16 Provisions

<b>Non-current</b>		
Provision for employee benefits		
Provision for gratuity (refer note 33.1)	141.81	117.24
	<b>141.81</b>	<b>117.24</b>
<b>Current</b>		
Provision for employee benefits		
Provision for compensated absences	89.31	78.99
Provision for gratuity (refer note 33.1)	15.45	12.71
	<b>104.76</b>	<b>91.70</b>

17 Income tax assets and liabilities

	As at 31 March 2023	As at 31 March 2022
<b>Income tax assets</b>		
Income tax receivable (net of provisions)	47.50	47.50
	<b>47.50</b>	<b>47.50</b>
<b>Income tax liabilities</b>		
Income tax payable (net of advance tax)	122.64	139.72
	<b>122.64</b>	<b>139.72</b>

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Penta Latex LLP

Notes forming part of the special purpose financial statements for the year ended 31 March 2023

All amounts are in INR lacs unless otherwise stated

	As at 31 March 2023		As at 31 March 2022	
<b>18 Deferred tax balances</b>				
Deferred tax liabilities		(626.79)		(581.24)
Deferred tax assets		253.64		238.49
<b>Deferred tax assets / (liabilities) (net)</b>		<b>(373.15)</b>		<b>(342.75)</b>
<b>Year ended 31 March 2023</b>	<b>Opening Balance</b>	<b>Recognised in Profit or loss</b>	<b>Recognised in other comprehensive Income</b>	<b>Closing balance</b>
<b>Deferred tax liabilities in relation to Accelerated depreciation for tax purpose</b>	(581.24)	(45.55)	-	(626.79)
	<b>(581.24)</b>	<b>(45.55)</b>	<b>-</b>	<b>(626.79)</b>
<b>Deferred tax assets in relation to</b>				
Provision for employee benefits	72.97	13.29	(0.11)	86.13
Bonus payable	19.84	(1.44)	-	18.40
Deferred Government Grant	145.68	3.43	-	149.11
	<b>238.49</b>	<b>15.28</b>	<b>(0.11)</b>	<b>253.64</b>
AMT Credit Entitlement	-	-	-	-
<b>Deferred tax liabilities (net)</b>	<b>(342.75)</b>	<b>(30.27)</b>	<b>(0.11)</b>	<b>(373.15)</b>
<b>Year ended 31 March 2022</b>	<b>Opening Balance</b>	<b>Recognised in Profit or loss</b>	<b>Recognised in other comprehensive Income</b>	<b>Closing balance</b>
<b>Deferred tax liabilities in relation to Accelerated depreciation for tax purpose</b>	(390.61)	(190.63)	-	(581.24)
	<b>(390.61)</b>	<b>(190.63)</b>	<b>-</b>	<b>(581.24)</b>
<b>Deferred tax assets in relation to</b>				
Provision for employee benefits	62.44	13.88	(3.35)	72.97
Bonus payable	16.21	3.63	-	19.84
Deferred Government Grant	45.18	100.50	-	145.68
	<b>123.83</b>	<b>118.01</b>	<b>(3.35)</b>	<b>238.49</b>
AMT Credit Entitlement	37.68	(37.68)	-	-
<b>Deferred tax liabilities (net)</b>	<b>(229.10)</b>	<b>(110.30)</b>	<b>(3.35)</b>	<b>(342.75)</b>

Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

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Penta Latex LLP  
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All amounts are in INR lacs unless otherwise stated

	As at 31 March 2023	As at 31 March 2022
<b>19 Other liabilities</b>		
<b>Non-current</b>		
Deferred Government grant (refer note below)	178.02	171.45
	<b>178.02</b>	<b>171.45</b>
<b>Current</b>		
Statutory liabilities	19.06	18.78
Deferred Government grant (refer note below)	248.71	245.45
	<b>267.77</b>	<b>264.23</b>

**Note:**

a. Deferred government grant represents assistance in the form of duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on import of property, plant and equipment accounted for as government grant and being recognised in financial statements upon completion of export obligation.

The Firm has outstanding liability in respect of duty benefit availed in earlier years under Export Promotion Capital Goods Scheme (EPCG) against which the firm was not able to fulfill its export obligation. The Firm has taken extension in respect of these licenses expiring on 31st March 2023, the firm has export obligation amounting to INR 702.16 lacs (March 31, 2022: INR 675.19 lacs).

During the previous year ended 31 March 2022, the Company has availed duty benefit of INR 178.02 lacs under Export Promotion Capital Goods Scheme (EPCG) during the current year against which the management expects to fulfill the export obligation of INR 280.18 lacs (March 31, 2022: INR 1,068.16 lacs).

b. Movement of government grant:

Opening balance	416.90	211.73
Adjustments / additions during the period	9.83	205.17
<b>Closing balance</b>	<b>426.73</b>	<b>416.90</b>

<b>20 Trade payables</b>		
<b>Current</b>		
i. total outstanding dues of micro enterprises and small enterprises	365.01	403.49
ii. total outstanding dues of creditors other than micro enterprises and small enterprises	1,042.79	1,744.87
	<b>1,407.80</b>	<b>2,148.36</b>

**20.1 Trade Payable aging schedule**

**As at March 31, 2023**

Particulars	Unbilled Dues	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	201.30	159.32	4.39	-	-	365.01
Total outstanding dues of creditors other than micro enterprises and small enterprises	180.40	561.70	300.69	-	-	-	1,042.79
<b>Total</b>	<b>180.40</b>	<b>763.00</b>	<b>460.01</b>	<b>4.39</b>	<b>-</b>	<b>-</b>	<b>1,407.80</b>

**As at March 31, 2022**

Particulars	Unbilled Dues	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	250.29	153.20	-	-	-	403.49
Total outstanding dues of creditors other than micro enterprises and small enterprises	85.63	1,333.05	326.19	-	-	-	1,744.87
<b>Total</b>	<b>85.63</b>	<b>1,583.33</b>	<b>479.39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,148.36</b>

- a. The average credit period on purchases is upto 60 days for the Firm. The Firm however ensures that all payables are paid within the pre agreed credit limits.
- b. Trade Payables include due to related parties INR 478.53 lacs (31 March 2022: INR 424.28 lacs).
- c. The amounts are unsecured and non-interest bearing.
- d. For terms and conditions with related parties, refer to Note 32
- e. Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended 31 March 2023 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Firm:

**MSMED Disclosure**

	As at 31 March 2023	As at 31 March 2022
(i) The principal amount and the interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
- Principal amount	357.66	399.10
- Interest thereon	7.35	4.39
(ii) the amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iii) 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 this Act	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year	7.35	4.39
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-



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All amounts are in INR lacs unless otherwise stated

	As at 31 March 2023	As at 31 March 2022
<b>21 Other financial liabilities</b>		
<b>Current</b>		
Payable for purchase of property, plant and equipment	133.23	60.25
Trade/ security deposits from vendors and others	52.00	52.00
	<b>185.23</b>	<b>112.25</b>

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Penta Latex LLP  
Notes forming part of the special purpose financial statements for the year ended 31 March 2023  
All amounts are in INR lacs unless otherwise stated

	Year ended 31 March 2023	Year ended 31 March 2022
<b>22 Revenue from operations</b>		
<b>22.1 Revenue from contracts with customers</b>		
Sale of products	13,987.82	15,211.80
Sale of services	9.18	-
	<b>13,997.00</b>	<b>15,211.80</b>

(a) Disaggregated revenue information

Set out below is the disaggregation of the Firm's revenue from contracts with customers:

Segment

Type of goods/services	Year ended 31 March 2023	Year ended 31 March 2022
Finished goods	13,997.00	15,211.80
<b>Total revenue from contracts with customers</b>	<b>13,997.00</b>	<b>15,211.80</b>
<b>Revenue by location of customers</b>		
India	13,978.65	15,193.05
Outside India	18.35	18.75
<b>Total revenue from contracts with customers</b>	<b>13,997.00</b>	<b>15,211.80</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	13,987.82	15,211.80
Services transferred over the time	9.18	-
<b>Total revenue from contracts with customers</b>	<b>13,997.00</b>	<b>15,211.80</b>

(b) Contract balances

	Year ended 31 March 2023	Year ended 31 March 2022
Trade receivables	853.56	1,061.44
Contract liabilities	-	-

Trade receivables are non interest bearing. Credit period generally falls in the range of 30 to 90 days.  
Contract liabilities consist of short-term advances received to supply goods from customer.

(b) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Revenue as per contracted price	13,997.00	15,211.80
<b>Revenue from contracts with customers</b>	<b>13,997.00</b>	<b>15,211.80</b>

(c) Performance obligations

Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due within 30 to 60 days from delivery of goods (refer accounting policy 2.11).

	Year ended 31 March 2023	Year ended 31 March 2022
<b>23 Other income</b>		
<b>Interest income</b>		
Interest income earned on:		
- bank deposits (at amortised cost)	5.90	5.82
- financial assets (at amortised cost)	4.61	3.15
	<b>10.51</b>	<b>8.97</b>
<b>Other non-operating income</b>		
Insurance claim received	0.52	-
<b>Other gains and losses</b>		
Scrap sales	70.31	49.09
Liabilities written back	-	2.00
Miscellaneous income	2.62	1.47
	<b>72.93</b>	<b>52.56</b>
	<b>83.96</b>	<b>61.53</b>



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All amounts are in INR lacs unless otherwise stated

	Year ended 31 March 2023	Year ended 31 March 2022
<b>24 Cost of raw material and components consumed</b>		
<b>Raw material and components consumed</b>		
Inventory at the beginning of the year (refer note 9)	1,623.23	689.09
Add: Purchases	8,437.21	10,841.56
	<b>10,060.44</b>	<b>11,530.65</b>
Less: inventory at the end of the year (refer note 9)	(1,346.12)	(1,623.23)
	<b>8,714.32</b>	<b>9,907.42</b>
<b>25 Changes in inventories of finished goods and work in progress</b>		
<b>Opening Stock:</b>		
Finished goods	23.19	0.15
Work in progress	414.49	239.54
	437.68	239.69
<b>Closing Stock:</b>		
Finished goods	141.76	23.19
Work in progress	192.14	414.49
	333.90	437.68
<b>Net decrease/(increase)</b>	<b>103.78</b>	<b>(197.99)</b>
<b>26 Employee benefits expense</b>		
Salaries, wages and bonus	1,817.75	1,894.53
Contribution to provident and other fund	72.37	70.74
Gratuity expense (refer note 33.1)	34.75	30.11
Staff welfare expenses	20.46	19.41
	<b>1,945.33</b>	<b>2,014.79</b>
<b>Note:</b> The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Firm will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.		
Based on a preliminary assessment, the Firm believes the impact of the change will not be significant."		
<b>27 Finance Costs</b>		
Interest expense on borrowings	219.89	185.08
Interest on delay deposit of income tax	6.47	11.12
Interest on lease liabilities	1.74	1.03
Other finance costs	12.79	113.97
	<b>240.89</b>	<b>311.20</b>
<b>28 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment (refer note 3)	785.02	635.38
Amortisation of intangible assets (refer note 4)	3.44	2.97
Depreciation of Right-of-use assets (refer note 5)	18.39	12.94
	<b>806.85</b>	<b>651.29</b>





Penta Latex LLP

Notes forming part of the special purpose financial statements for the year ended 31 March 2023

All amounts are in INR lacs unless otherwise stated

	Year ended 31 March 2023	Year ended 31 March 2022
<b>29 Other expenses</b>		
Power and fuel	804.50	787.93
Rent	4.58	3.60
Repair and maintenance		-
- Machinery	100.26	153.62
- Building	21.17	39.37
- others	18.05	13.52
Insurance	24.89	21.72
Rates and taxes	0.98	2.04
Communication expenses	3.06	3.07
Postage and courier	1.81	1.07
Travelling and conveyance	19.57	17.62
Printing and stationery	10.72	11.23
Freight cartage and other distribution cost	7.69	11.12
Legal and professional charges	24.59	47.61
Payments to auditors [refer note (i) below]	5.64	4.03
Advertising and sales promotion expenses	0.13	0.17
Security expenses	24.41	23.83
Testing and inspection charges	20.38	23.07
Fees and subscription	25.03	18.98
Bank charges	2.57	2.04
Loss on sale and write off of property, plant and equipment (net)	3.44	-
Research and development expenses [refer note (ii) below]	0.73	0.21
Loss on foreign exchange fluctuation	17.14	0.02
Miscellaneous expenses	69.06	72.69
<b>Total</b>	<b>1,210.40</b>	<b>1,258.56</b>
<b>Note:</b>		
i) Payments to the auditors		
To statutory auditors		
a) Audit fees	4.03	4.03
b) Others	0.50	-
c) Reimbursement of expenses	1.11	-
	<b>5.64</b>	<b>4.03</b>

ii) Research and development costs that are not eligible for capitalisation as per IND AS 23 'Borrowing Cost' have been expensed in the year incurred (during the period ended 31 March 2023 this was an amount of INR 0.73 lacs (31 March 2022: INR 0.21 lacs), and they are recognised in other expenses.

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Penta Latex LLP

Notes forming part of the special purpose financial statements for the year ended 31 March 2023

All amounts are in INR lacs unless otherwise stated

	Year ended 31 March 2023	Year ended 31 March 2022
<b>30 Income taxes</b>		
<b>30.1 Income tax recognised in the Statement of profit and loss</b>		
<b>Current tax</b>		
In respect of the current year	363.61	366.34
In respect of the previous year	2.31	(8.76)
	<u>365.92</u>	<u>357.58</u>
<b>Deferred tax</b>		
In respect of the current Year	30.27	110.30
	<u>30.27</u>	<u>110.30</u>
	<u>396.19</u>	<u>467.88</u>
<b>Total income tax expense recognised in the current period</b>		
	<u>396.19</u>	<u>467.88</u>
The Income tax expense for the year can be reconciled to the accounting profit as follows:		
<b>Profit before tax</b>	<u>1,059.39</u>	<u>1,328.06</u>
Statutory income tax rate	34.944%	34.944%
Income tax expense at statutory income tax rate	370.19	464.08
Effect of expenses that are not deductible in determining taxable profit	9.75	9.98
Effect of concessions (tax holiday)	-	-
Deferred tax credit in respect of the prior years	11.54	-
Other adjustments	2.40	(1.76)
Adjustments recognised in the current year in relation to the previous years	2.31	(4.41)
	<u>396.19</u>	<u>467.89</u>
<b>At the effective income tax rate of 37.40% (31 March 2022: 38.88%)</b>		
	<u>396.19</u>	<u>467.89</u>
<b>30.2 Income tax recognised in other comprehensive income</b>		
Income tax relating to item that will not be reclassified to profit or loss		
- Remeasurement of the defined benefit plan	(0.11)	(3.35)
	<u>(0.11)</u>	<u>(3.35)</u>
<b>Total income tax expense recognised in other comprehensive income</b>		
	<u>(0.11)</u>	<u>(3.35)</u>

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**31 Contingent Liabilities and Commitments**

**A Contingent liabilities (to the extent not provided for)**

	As at 31 March 2023	As at 31 March 2022
Disputed tax liabilities		
Disallowances/ additions made by the Income tax department pending before tax authorities for AY 17-18, AY 18-19, AY 19-20 and AY 20-21	246.67	97.18
	<b>246.67</b>	<b>97.18</b>

**Note:** The Firm is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process and accordingly no provision has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Firm's financial position and results of operations.

The Firm does not expect any liability against these matters in accordance with principles of Ind AS -12 'Income taxes' read with Ind AS -37 'Provisions, Contingent Liabilities and Contingent Assets' and hence no provision has been considered in the books of accounts.

**B Commitments**

	As at 31 March 2023	As at 31 March 2022
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	1,426.12	127.03
	<b>1,426.12</b>	<b>127.03</b>

The Firm has other commitments, for purchase orders which are issued after considering requirements as per operating cycle for purchase of goods and services, in normal course of business.

**C Undrawn borrowing facility**

i) The Firm has availed secured cash credit from HDFC bank amounting to INR 1,068.14 lacs (March 31, 2022: INR 977.11 lacs) against the sanctioned amount of INR 1800 lacs (March 31, 2022: INR 1200 lacs) and amount of INR 731.86 lacs (March 31, 2022: INR 222.89 lacs) remains undrawn as at year end.

ii) Letter of credit facility obtained by the Firm is INR 300.00 lacs (March 31, 2022: INR 300.00 lacs) against which INR 300.00 lacs (March 31, 2022: INR 300.00 lacs) remains unutilised.

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**Penta Latex LLP**

Notes forming part of the special purpose financial statements for the year ended 31 March 2023

All amounts are in INR lacs unless otherwise stated

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**32 Related party disclosures**

**a. List of related parties and relationships**

**Relationship**

**Name of related parties**

Enterprise under significant influence/ Control of Partners

A.S.Packers  
A to Z Packers  
Om Sai Pharma (till November 30, 2021)  
Penta Kraft  
Packtime Innovations Private Limited  
Penta Biotech  
Mediforce Research Private Limited  
Mankind Life Sciences Private Limited  
Maqnet labs Private Limited  
Zrevasa Consumers LLP

Partners

Mankind Pharma Limited  
Arun Vashishta  
Dhruv Mehendiratta

Relatives of KMP (with whom transactions have taken place)

Deepak Mehendiratta  
Shalini Vashishta

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**Penta Latex LLP**  
**Notes forming part of the special purpose financial statements for the year ended 31 March 2023**  
**All amounts are in INR lacs unless otherwise stated**

**b. Transactions during the year ended**

Particulars	Partners		Enterprise under significant influence of Partners		Relatives of KMP		Total	
	Year ended March 31 2023	Year ended March 31 2022	Year ended March 31 2023	Year ended March 31 2022	Year ended March 31 2023	Year ended March 31 2022	Year ended March 31 2023	Year ended March 31 2022
<b>a) Purchase of Raw Material and Packing Material</b>								
A.S.Packers	-	-	1,513.57	1,612.12	-	-	1,513.57	1,612.12
A to Z Packers	-	-	163.39	228.82	-	-	163.39	228.82
Om Sai Pharma	-	-	333.57	153.43	-	-	333.57	153.43
Packtime Innovations Private Limited	-	-	306.27	92.35	-	-	306.27	92.35
Zreyesa Consumer LLP	-	-	2.87	10.09	-	-	2.87	10.09
<b>b) Sale of Goods</b>								
Mankind Pharma Limited	14,000.47	15,175.53	-	-	-	-	14,000.47	15,175.53
Mankind Life Sciences Private Limited	-	-	-	2.00	-	-	-	2.00
Zreyesa Consumer LLP	-	-	1.24	14.94	-	-	1.24	14.94
<b>c) Other transactions</b>								
<b>i. Conveyance charges</b>								
Arun Vashishta	3.60	3.60	-	-	-	-	3.60	3.60
Dhruv Mehendiratta	3.60	3.60	-	-	-	-	3.60	3.60
Deepak Mehendiratta	-	-	-	-	3.60	3.60	3.60	3.60
<b>ii. Partner's remuneration</b>								
Arun Kumar Vasishtha	48.00	48.00	-	-	-	-	48.00	48.00
Dhruv Mehendiratta	48.00	48.00	-	-	-	-	48.00	48.00
<b>iii. Salary to related person</b>								
Deepak Mehendiratta	-	-	-	-	24.00	24.00	24.00	24.00
Shalini Vashishta	-	-	-	-	18.00	18.00	18.00	18.00
<b>iv. Sale of Capital Goods</b>								
Penta Biotech	-	-	11.00	-	-	-	11.00	-
Penta Kraft	-	-	11.00	-	-	-	11.00	-
<b>v. Capital Withdrawal by Partners</b>								
Arun Kumar Vasishtha	-	30.00	-	-	-	-	-	30.00
Dhruv Mehendiratta	-	30.00	-	-	-	-	-	30.00
Mankind Pharma Limited	20.00	75.00	-	-	-	-	20.00	75.00
<b>vi. Capital Contribution by Partners</b>								
Arun Kumar Vasishtha	-	-	-	-	-	-	-	-
Dhruv Mehendiratta	-	-	-	-	-	-	-	-
Mankind Pharma Limited	800.00	-	-	-	-	-	800.00	-
<b>vii. Share of Profit/(Loss) of Partners</b>								
Mankind Pharma Limited	451.11	589.16	-	-	-	-	451.11	589.16
<b>viii. Testing and Analysis</b>								
Mediforce Research Private Limited	-	-	0.89	-	-	-	0.89	-
<b>ix. Reimbursement of expenses</b>								
Mankind Pharma Limited	2.49	-	-	-	-	-	2.49	-

**c. Balances as at year-end 31 Mar-2023**

Particulars	Partners		Enterprise under significant influence of Partners		Relatives of KMP		Total	
	As at March 31 2023	As at March 31 2022	As at March 31 2023	As at March 31 2022	As at March 31 2023	As at March 31 2022	As at March 31 2023	As at March 31 2022
<b>Trade payables</b>								
A.S. Packers	-	-	336.75	377.37	-	-	336.75	377.37
A to Z packers	-	-	17.24	18.00	-	-	17.24	18.00
Packtime Innovations Private Limited	-	-	17.13	28.91	-	-	17.13	28.91
Om Sai Pharma	-	-	107.41	-	-	-	107.41	-
<b>Trade receivables</b>								
Mankind Pharma Limited	852.92	1,053.10	-	-	-	-	852.92	1,053.10
<b>Partner's Capital</b>								
Arun Kumar Vasishtha	806.53	692.00	-	-	-	-	806.53	692.00
Dhruv Mehendiratta	806.53	692.00	-	-	-	-	806.53	692.00
Mankind Pharma Limited	4,914.08	3,647.27	-	-	-	-	4,914.08	3,647.27

**Note:**

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period/year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March, 2023, the Firm has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



**Penta Latex LLP****Notes forming part of the special purpose financial statements for the year ended 31 March 2023****All amounts are in INR lacs unless otherwise stated****32.1 Fair value measurements**

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

	Carrying Value		Fair Value	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
<b>Financial instruments by category</b>				
<b>Financial assets at amortized cost</b>				
Trade Receivables	853.56	1,061.44	853.56	1,061.44
Cash and bank balances (Current)	0.31	0.41	0.31	0.41
Other Bank balance (Current)	82.44	-	82.44	-
Loans (Current)	1.05	-	1.05	-
Other Financial assets (Current)	23.66	-	23.66	-
Other Financial assets (Non-current)	164.68	159.55	164.68	159.55
Loans (Non- Current)	-	-	-	-
	<b>1,125.70</b>	<b>1,221.40</b>	<b>1,125.70</b>	<b>1,221.40</b>
<b>Financial Liabilities at amortized cost</b>				
Borrowings (Non- Current)	868.05	1,570.27	868.05	1,570.27
Borrowings (Current)	1,780.76	1,528.80	1,780.76	1,528.80
Trade Payables	1,407.80	2,148.36	1,407.80	2,148.36
Other financial liabilities (Non-current)	-	-	-	-
Other financial liabilities (current)	185.23	112.25	185.23	112.25
Lease liabilities (Non Current)	10.95	11.68	10.95	11.68
Lease liabilities (Current)	6.70	0.74	6.70	0.74
	<b>4,259.49</b>	<b>5,372.10</b>	<b>4,259.49</b>	<b>5,372.10</b>

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

- 1) The fair values of the Firm's interest-bearing borrowings and loans are determined by using effective interest rate (EIR) method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting year. The own non-performance risk as at 31 March 2023 was assessed to be insignificant.
- 2) Long-term receivables/payables are evaluated by the Firm based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- 3) The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2023, are as shown below:

**Fair value hierarchy**

The Firm uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data



**Penta Latex LLP****Notes forming part of the special purpose financial statements for the year ended 31 March 2023****All amounts are in INR lacs unless otherwise stated****Quantitative disclosures of fair value measurement hierarchy for assets as on 31 March 2023**

	Carrying Value	Fair Value		
	31 March 2023	Level 1	Level 2	Level 3
<b>Assets carried at amortized cost for which fair value are disclosed</b>				
Trade Receivables	853.56	-	-	853.56
Cash and bank balances (Current)	0.31	-	-	0.31
Other Bank balance (Current)	82.44	-	-	82.44
Other Financial assets (Current)	23.66	-	-	23.66
Other Financial assets (Non-current)	164.68	-	-	164.68
Loans (Current)	1.05	-	-	1.05
Loans (Non- Current)	-	-	-	-
<b>Liabilities carried at amortized cost for which fair value are disclosed</b>				
Borrowings (Non- Current)	868.05	-	-	868.05
Borrowings (Current)	1,780.76	-	-	1,780.76
Trade Payables	1,407.80	-	-	1,407.80
Lease liabilities (Non- Current)	10.95	-	-	10.95
Lease liabilities (Current)	6.70	-	-	6.70
Other financial liabilities (Non-current)	-	-	-	-
Other financial liabilities (current)	185.23	-	-	185.23

**Quantitative disclosures of fair value measurement hierarchy for assets as on 31 March 2022**

	Carrying Value	Fair Value		
	31 March 2022	Level 1	Level 2	Level 3
<b>Assets carried at amortized cost for which fair value are disclosed</b>				
Trade Receivables	1,061.44	-	-	1,061.44
Cash and bank balances (Current)	0.41	-	-	0.41
Other Bank balance (Current)	-	-	-	-
Other Financial assets (Current)	-	-	-	-
Other Financial assets (Non-current)	159.55	-	-	159.55
Loans (Current)	-	-	-	-
Loans (Non- Current)	-	-	-	-
<b>Liabilities carried at amortized cost for which fair value are disclosed</b>				
Borrowings (Non- Current)	1,570.27	-	-	1,570.27
Borrowings (Current)	1,528.80	-	-	1,528.80
Trade Payables	2,148.36	-	-	2,148.36
Lease liabilities (Non- Current)	11.68	-	-	11.68
Lease liabilities (Current)	0.74	-	-	0.74
Other financial liabilities (Non-current)	-	-	-	-
Other financial liabilities (current)	112.25	-	-	112.25

**Note:**

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





**Penta Latex LLP**

**Notes forming part of the special purpose financial statements for the year ended 31 March 2023**

**All amounts are in INR lacs unless otherwise stated**

**33 Other notes on accounts**

**33.1 Employee Benefits:**

**A. Defined contribution plan**

<b>Year ended</b>	<b>Year ended</b>
<b>31 March 2023</b>	<b>31 March 2022</b>

The Firm's contribution to the Employees Provident Fund is deposited with the Regional Provident Fund Commissioner for qualifying employees. Under the scheme, the Firm is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

**Contribution to Defined Contribution Plan, recognised as expense for the year is as under:**

Employer's Contribution towards Provident Fund (PF)	51.38	49.57
Employer's Contribution towards Employee State Insurance (ESI)	20.99	21.17
	<b>72.37</b>	<b>70.74</b>

**B. Defined benefit plan – Gratuity plan**

The firm's contribution towards its gratuity liability is a defined benefit retirement plan. Under the gratuity plan, every employee who has completed at least five years of service usually gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of fifteen days salary (i.e. last drawn basic salary) for each completed year of service subject to completion of four years and two forty days in service.

**(i) Risks associated with Plan Provisions**

Risks associated with the plan provisions are actuarial risks. These risks are:- (i) investment risk, (ii) interest rate risk (discount rate risk), (iii) mortality risk and (iv) salary growth risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest rate risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2006-08) ultimate table.  A change in mortality rate will have a bearing on the plan's liability.
Salary growth risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of 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.



**Penta Latex LLP**

**Notes forming part of the special purpose financial statements for the year ended 31 March 2023**

**All amounts are in INR lacs unless otherwise stated**

**(ii) Principal actuarial assumptions:**

Principle actuarial assumption used to determine the present value of the benefit obligation are as follows:

S. Particulars No.	Refer note below	As at 31 March 2023	As at 31 March 2022
i. Discount rate (p.a.)	1	7.39%	7.26%
ii. Salary escalation rate (p.a.)	2	9.00%	9.00%
iii. Number of		402	409
iv. Average remaining working life (years)		27.63	28.48
v. Weighted Average duration		9.23	8.90

**Notes**

- 1 The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
- 2 The expected return is based on the expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations.
- 3 The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

**(iii) Demographic assumptions:**

	As at 31 March 2023	As at 31 March 2022
Retirement age	60 years	60 years
Mortality rate	(100% of IALM)	(100% of IALM)
Attrition rate		
Upto 30 years	29.00%	29.00%
From 31 to 44 years	9.00%	9.00%
Above 44 years	1.00%	1.00%

The following tables set out the funded status of the gratuity plan and amounts recognised in the Firm's financial statements:

**a. Amounts recognised in the statement of profit and loss in respect of these defined benefits plans are as follows:**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost	25.31	22.36
Past service cost	-	-
Net interest expenses	9.44	7.75
<b>Components of defined benefit costs recognised in statement of profit and loss</b>	<b>34.75</b>	<b>30.11</b>

**b. Remeasurement (gain)/loss on the net defined benefit liability recognised in other comprehensive income:**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Actuarial (gains)/losses due to change in demographic assumptions	-	(2.20)
Actuarial (gains)/losses due to change in financial assumptions	(2.29)	(6.06)
Actuarial (gains)/losses due to change in experience variance	1.97	(1.32)
Actuarial (gains)/losses due to change in plan assets	-	-
<b>Component of defined benefit costs recognised in other comprehensive income</b>	<b>(0.32)</b>	<b>(9.58)</b>

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' in the statement of profit and loss. The remeasurement of the net defined benefit liability is included in the other comprehensive income.



Penta Latex LLP

Notes forming part of the special purpose financial statements for the year ended 31 March 2023

All amounts are in INR lacs unless otherwise stated

**c. The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefits plans as follows:**

Particulars	As at	As at
	31 March	31 March 2022
Present value of defined benefit obligation	157.26	129.95
<b>Unfunded status - deficit</b>	<b>157.26</b>	<b>129.95</b>
Current portion	15.45	12.71
Non-current portion	141.81	117.24

**d. Reconciliation of opening and closing balances of the defined benefit obligation:**

Particulars	Year ended	Year ended
	31 March 2023	31 March 2022
Opening defined benefit	129.95	112.70
Current service cost	25.31	22.36
Past Service Cost	-	-
Interest cost	9.44	7.75
Actuarial (gain)/loss on obligation	(0.32)	(9.58)
Benefits paid	(7.12)	(3.28)
<b>Closing defined benefit obligations</b>	<b>157.26</b>	<b>129.95</b>

**e. Sensitivity analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and

Particulars	As at 31 March 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+0.5%) (% change compared to base due to sensitivity)	9.22	(8.41)	7.74	(7.06)
Salary Growth Rate (-/+0.5%) (% change compared to base due to sensitivity)	(8.33)	9.04	(6.98)	7.57

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 an assumptions occurring at the end of the reporting year while holding all other assumption constraint. In practice it is unlikely to occur and change in some of the assumption may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

**f. The expected maturity analysis of undiscounted defined benefit obligation is as follows:**

**Expected cash flows over the next**

Expected cash flows over the next	As at	As at
	31 March 2023	31 March 2022
First year	15.45	12.71
Second upto fifth	35.96	30.12
Beyond fifth year	105.85	87.12
	<b>157.26</b>	<b>129.95</b>





**Penta Latex LLP**

**Notes forming part of the special purpose financial statements for the year ended 31 March 2023**

**All amounts are in INR lacs unless otherwise stated**

- g. The Company expects to contribute INR 39.39 lacs (March 31, 2022: INR 35.14 lacs) to the plan during the next financial year.

**Notes**

1. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
2. The Compensated absence plan is unfunded.
3. The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factor.
4. The average duration of the defined plan obligation at the end of the reporting period is 9.23 years (31 March 2022: 8.90 years).

**33 Segment Information**

**Basis for segmentation**

**A.**

As per Ind AS-108, "Operating Segment", the Firm's partners has identified latex condom products as the reportable segments. The Firm is also engaged in manufacturing activity of Face masks however, since the revenue, total assets and profit is less than 10% hence this is not considered as reportable segment. Operating Segments have been defined and presented based on the regular review by Partners as per the following :

The Firm operates in the manufacturing activity of Latex Condoms which is a single business segment based on the nature of the products, the risk and returns, organisation structure and the internal financial reporting systems. Therefore, there is no reportable segment for the Firm as per the requirement of IND AS 108 "Operating Segments".

**B. Geographic Segment**

The Firm's revenue from geographic segment is as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
India	13,978.65	15,193.05
Outside India	18.35	18.75
<b>Geographic Segment</b>	<b>13,997.00</b>	<b>15,211.80</b>

**C. Major Customer**

Revenue from one customer of the Firm's manufacturing business are INR 14,000.47 lacs (31 March, 2022: INR 15,175.53 lacs) which is more than 10% of the Firm's total revenue. No other single customer contributes 10% or more to the Firm's revenue for the year ended 31 March, 2023 and 31 March 22.

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**34 Financial risk management objectives and policies**

The Firm's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Firm's operations. The Firm's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The Firm's financial risk management is an integral part of how to plan and execute its business strategies. The Firm is exposed to market risk, credit risk and liquidity risk.

The Firm's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Firm are accountable to the partners. This process provides assurance to Firm's senior management that the Firm's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Firm policies and Firm risk objective.

The Partners reviews and agrees policies for managing each of these risks which are summarized as below:

**(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 prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits and foreign currency receivables and payables. The sensitivity analysis in the following sections relate to the position as at reporting date. The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item and equity is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March 2023

**(i) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Firm's exposure to the risk of changes in foreign exchange rates relates primarily to the Firm's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from the respective countries. The Firm evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

**Foreign currency risk sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, JPY, NPR, AED & SGD exchange rates, with all other variables held constant. The impact on the Company profit before tax and equity is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise are as under:

Nature	Currency	As at March, 2023		Impact on profit before tax and equity	
		Foreign Currency in Lacs.	Indian Rupees in Lacs.	1% increase in Lacs.	1% decrease in Lacs.
Receivable	US Dollar (USD)	0	-	-	-
Payable	US Dollar (USD)	0.43	35.90	(0.36)	0.36

Nature	Currency	As at March 31, 2022		Impact on profit before tax and equity	
		Foreign Currency in Lacs.	Indian Rupees in Lacs.	1% increase in Lacs.	1% decrease in Lacs.
Receivable	US Dollar (USD)	0	-	-	-
Payable	US Dollar (USD)	2.08	156.66	(1.57)	1.57

**(ii) Interest Rate**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The firm's exposure to the risk of changes in the market interest rates relates to debt obligations with floating & fixed interest rates.

The firm manages its interest rate risk by having a portfolio of variable rate borrowings. In order to optimize the firm's position with regards to interest income & interest expense, the firm performs a comprehensive corporate interest rate risk by proportion of fixed and floating rate as well as by using different type of economic product of floating rate of borrowings in its total portfolio.



**Penta Latex LLP****Notes forming part of the special purpose financial statements for the year ended 31 March 2023****All amounts are in INR lacs unless otherwise stated****Interest rate Sensitivity of Borrowings**

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of loans and borrowings.

	31 March 2023			31 March 2022	
	Increase/decrease in basis points	Impact on profit before tax		Increase/decrease in basis points	Impact on profit before tax
Cash credit facility/term loan	+0.50	(13.24)	-	+0.50	(15.50)
	-0.50	13.24		-0.50	15.50

**(iii) Commodity Price Risk**

The Firm is not exposed to any other risk as it does not have financial assets or liabilities the value of which will be effected on account of change in any other factor or risk.

**b) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Firm. The Firm has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Firm regularly monitors its counterparty limits by reviewing the outstanding balance and ageing of the same.

**Possible credit risk**

Credit risk related to trade receivables

Credit risk is the risk of financial loss to the Firm if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Firm's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the firm grants credit terms in the normal course of business. The Firm establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Receivables are deemed to be past due or impaired with reference to the normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

Credit risk related to bank balances

Firm holds bank balances with reputed and creditworthy banking institution within the approved exposures limit of each bank. None of the firm's cash equivalents, including time deposits with banks, are past due or impaired.

The carrying value of financial assets other than cash represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.





**Penta Latex LLP****Notes forming part of the special purpose financial statements for the year ended 31 March 2023****All amounts are in INR lacs unless otherwise stated****c) Liquidity**

The Firm requires funds both for short-term operational needs as well as for long-term investment programme mainly in growth projects. The Firm generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term.

The Firm remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening its balance sheet. The maturity profile of the Firm's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Firm.

Financial liabilities	As at 31 March 2023		
	Less than 1 year	1 to 5 years	Total
Borrowings	1,780.76	868.05	2,648.81
Trade payables	1,407.80	-	1,407.80
Other financial liabilities (Non-current)	-	-	-
Other financial liabilities (current)	185.23	-	185.23
Lease liabilities (Non Current)	6.70	10.95	17.65
<b>Total</b>	<b>3,380.49</b>	<b>879.00</b>	<b>4,259.49</b>

Financial liabilities	As at 31 March 2022		
	Less than 1 year	1 to 5 years	Total
Borrowings	1,528.80	1,570.27	3,099.07
Trade payables	2,148.36	-	2,148.36
Other financial liabilities (Non-current)	-	-	-
Other financial liabilities (current)	112.25	-	112.25
Lease liabilities (Non Current)	0.74	11.68	12.42
<b>Total</b>	<b>3,790.15</b>	<b>1,581.95</b>	<b>5,372.10</b>

**35 Capital Management**

For the purposes of Firm's capital management, Capital includes equity attributable to the partners of the firm. The primary objective of the firm's capital management is to safeguard its ability to continue as going concern and to ensure that it maintains an efficient capital structure and maximize shareholder value. The Firm manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Firm may adjust the dividend payment to shareholders or issue new shares. The Firm is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2023 and year ended 31 March 2022. The Firm monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Firm's policy is to keep the gearing ratio to the minimum.

Particulars	Year ended	Year ended
	31 March 2023	31 March 2022
Loans and borrowings	2,648.81	3,099.07
Less:- Cash and cash equivalent	(0.31)	(80.66)
<b>Net Debt</b>	<b>2,648.50</b>	<b>3,018.41</b>
Equity ( Net Worth )	6,527.14	5,083.77
<b>Total Capital</b>	<b>6,527.14</b>	<b>5,083.77</b>
<b>Capital and Net Debt</b>	<b>9,175.64</b>	<b>8,102.18</b>
<b>Gearing ratio (Net Debt/Capital and Net Debt)</b>	<b>28.86 %</b>	<b>37.25 %</b>

**36 Leases**

- (i) The Firm's lease asset primarily consist of leases for land of lease term of 90 years.
- (ii) The following is the summary of practical expedients elected on initial application:
  - (a) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
  - (b) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
  - (c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
  - (d) Applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standards only to contracts that were previously identified as leases under Ind AS 17.
  - (e) Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease



**Penta Latex LLP**

**Notes forming part of the special purpose financial statements for the year ended 31 March 2023**

**All amounts are in INR lacs unless otherwise stated**

(iii) Following is carrying value of right of use assets recognised and the movements thereof during the period ended March 31, 2023:

Particulars	(Rs in lacs)	
	Right of Use Asset Leasehold Land	Total
<b>Balance as at April, 2021</b>	<b>1,179.09</b>	<b>1,179.09</b>
Additions during the year	-	-
Deletion during the year	-	-
Depreciation of Right of use assets (refer note 28)	(12.94)	(12.94)
<b>Balance as at March 31, 2022</b>	<b>1,166.15</b>	<b>1,166.15</b>
Additions during the period	10.36	10.36
Deletion during the period	-	-
Depreciation of Right of use assets (refer note 28)	(18.39)	(18.39)
<b>Balance as at March 31, 2023</b>	<b>1,158.12</b>	<b>1,158.12</b>

(iv) The following is the carrying value of lease liability and movement thereof during the period ended March 31, 2023:

Particulars	(Rs in lacs)
	Amount
<b>Balance as at March 31, 2021</b>	<b>12.61</b>
Additions during the year	-
Finance cost accrued during the year	1.03
Deletions	-
Payment of lease liabilities	(1.22)
<b>Balance as at March 31, 2022</b>	<b>12.42</b>
Additions during the period	10.35
Finance cost accrued during the period	1.74
Deletions	-
Payment of lease liabilities	(6.86)
<b>Balance as at March 31, 2023</b>	<b>17.65</b>

Current Lease liability (refer note 15)	6.70
Non-Current Lease Liability (refer note 15)	10.95
	<b>17.65</b>

(v) The maturity analysis of lease liabilities are disclosed as follow:

**Maturity of lease liabilities**

Set out below are the undiscounted potential future rental payments relating to periods:

**Lease obligations**

Not later than one year  
Later than one year and not later than five years  
Later than five years

	Year ended 31 March 2023	Year ended 31 March 2022
	6.70	1.03
	5.16	4.13
	78.97	81.03

**Interest expense**

Not later than one year  
Later than one year and not later than five years  
Later than five years

	Year ended 31 March 2023	Year ended 31 March 2022
	1.30	1.03
	5.15	4.12
	66.72	68.91

(vi) The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 8.5%.

(vii) Rental expense recorded for short-term leases are as follows:

**The following are the amounts recognised in profit or loss:**

Depreciation expense of right-of-use assets  
Interest expense on lease liabilities  
Expense relating to short-term leases

	Year ended 31 March 2023	Year ended 31 March 2022
	18.39	12.94
	1.74	1.03
	4.58	3.60
	<b>24.71</b>	<b>17.57</b>

(viii) The Firm does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.





**Penta Latex LLP****Notes forming part of the special purpose financial statements for the year ended 31 March 2023****All amounts are in INR lacs unless otherwise stated**

- 37** Consequent to the disruption caused due to COVID-19, the Firm has made an assessment as at March 31, 2023 of recoverability of the carrying values of its assets such as property, plant and equipment, intangible assets having indefinite useful life, inventory, trade receivables, and other current assets giving due consideration to the internal and external factors and the Firm has also prepared cash flow projections up to the date of approval of these financial statements. The Firm has made timely and requisite changes in business model which has resulted in consistent growth across the product segments during the year. The Firm is continuously monitoring the situation arising on account of COVID-19 and will make appropriate action required, if any.
- 38** The figures have been rounded off to the nearest Lacs of rupees upto two decimal places. The Figures 0.00 wherever stated represents amount less than INR 5,000.

**39 Ratio analysis and its elements**

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Change	Remarks
Current Ratio	Current Assets	Current Liabilities	0.70	0.74	-6.21%	
Debt- Equity Ratio	Total Debt	Partners Capital	0.41	0.61	(33.43%)	Refer to remark 1 below
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Renavments	2.75	3.67	-25.05%	Refer to remark 2 below
Return on Equity ratio	Net Profits after taxes	Average Partner's capital	11.42%	18.23%	(37.34%)	Refer to remark 3 below
Inventory Turnover ratio	Cost of goods sold	Average Inventory	4.71	6.48	(27.33%)	Refer to remark 4 below
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	14.62	15.92	(8.17%)	
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	4.75	6.14	(22.68%)	
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	(1191%)	(1380%)	-13.72%	
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	4.74%	5.65%	-16.21%	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax liability	13.62%	19.23%	(29.18%)	Refer to remark 5 below

**Remarks**

- Debt- Equity Ratio has decreased primarily due to decrease in borrowing on account of repayment made during the year.
- Debt Service Coverage ratio has decreased primarily due to decrease in profit during the year, the said increased in accompanied by increase in repayment made during the year
- Return on equity ratio has decreased primarily on account of decrease in profit after tax during the year.
- Inventory Turnover ratio has decreased primarily on account of decrease in cost of goods sold during the year. The said increase has been accompanied by increase in average inventory.
- Return on Capital Employed decreased primarily on account of decrease in earning before interest and taxes during the year.





**Penta Latex LLP**

**Notes forming part of the special purpose financial statements for the year ended 31 March 2023**

**All amounts are in INR lacs unless otherwise stated**

**40 Other Information**

(i) The LLP have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iii) The LLP have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of thLLPny (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries firm

(iv) The LLP have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the LLP 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 firm

(v) The LLP have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the period/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

**41** Note No.1 to 40 form integral part of the balance sheet and statement of profit and loss.

**As per our report of even date**

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

Chartered Accountants

Firm Reg. no. 301003E/E300005

**per Vishal Sharma**

Partner

M.No. 96766



Place: New Delhi

Date: May 29, 2023

**For and on behalf of Partners of**

**Penta Latex LLP**

**Arun Kumar Vasistha**

Partner

DPIN - 01092094

**Dhruv Mehendiratta**

Partner

DPIN - 06806633

Place: New Delhi

Date: May 29, 2023

Place: New Delhi

Date: May 29, 2023

